NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

VOLUME 2, Number 1 October 6, 1934

PEANUT ADJUSTMENT PLAN ANNOUNCED An adjustment program for peanuts, designed to bring supply into line with requirements this year by diverting a portion of the 1934 crop into oil, or feed for livestock, and limiting acreage in 1935, was announced by the Agricultural Adjustment Administration. Benefit payments will be made to those growers who sign and carry out contracts to adjust their acreage in 1935. Producers will be elegible also to receive additional payments for diverting up to 20 percent of their 1934 production to use as feed or in the manufacture of peanut oil. It is estimated that benefit and diversion payments to growers will total more than 4 million dollars. In addition, growers are expected to benefit through improved prices. Contracts to be offered to producers will require that the acreage planted to peanuts in 1935 be not in excess of one of the following, as chosen by the producer: (a) 90 percent of the acreage planted in 1933; (b) 90 percent of the acreage planted in 1934; (c) the average acreage planted in 1933 and 1934.

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NAVAL STORES LOAN INCREASED $10 PER UNIT The board of directors of the Commodity Credit Corporation approved an increase in the net loan value per unit on gum turpentine and gum rosin from $40 to $50, as recommended by the Agricultural Adjustment Administration. New loan document forms are to be printed and distributed as soon as details are completed. The loans are to be made under plans similar to those now in effect and are to be financed out of the original commitment of six million dollars made to the Commodity Credit Corporation by the Reconstruction Finance Corporation for that purpose.

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FIRST 1934 WHEAT PAYMENTS TO BEGIN Distribution of the first wheat adjustment payments on the 1934 crop is to begin at once. These payments, at the rate of 20 cents a bushel on each cooperating farmer's allotment, will be combined with the remainder of the final 1933 adjustment payments to be made under the wheat plan. The payments due farmers on the two instalments total approximately 98 million dollars of which the first 1934 payment approximates 70 million dollars and 28 million dollars on the final 1933 payments.

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CORN-HOG PAYMENTS MADE TO 42 STATES Approximately 1,030,000 corn-hog contracts or nearly 90 percent of the expected total have now been received for approval by the Secretary of Agriculture and about 100 million dollars or about 75 percent of the estimated total first instalment of benefit payments has been distributed to contract signers through October 2, according to a preliminary report. Payments up to September 28 were made to producers in 42 states.

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RETAIL MILK MARGINS SHOWN FOR 50 CITIES

Distributors' gross operating margins on retail milk delivered to homes in 50 metropolitan markets of the country as of September 15, 1934, ranged from 4.41 cents per quart to 8.34 cents per quart, with a variation in retail prices from 9 cents to 15 cents per quart, according to a review of important markets compiled by the dairy section of the Agricultural Adjustment Administration. The margins were figured on the actual butterfat test prevailing in each market under which milk is sold, with the cost to distributors based on f.o.b. the city. It is pointed out that the review does not include allowances for proportions of milk sold at wholesale, nor does it show the milk prices prevailing at stores, which are often less than the delivered price. It does not take into consideration the large supplies of relief milk which are distributed frequently at little or no profit to dealers. The review is not offered as a complete measurement of the relative efficiency of distributing systems in the cities named, as the margins relate only to that portion of the milk which is sold at retail and delivered to consumers' residences. In the first group there are five markets with margins from 4.4 cents up to but not including 5 cents per quart. The first four are Federal licensed markets and the fifth one is Milwaukee, Wis., a state regulated market. The four Federal licensed markets are Chicago, Baltimore, Boston, and the Quad Cities consisting of Davenport, Rock Island, Moline and East Moline. In the second group there are 26 markets with margins from 5 cents per quart up to but not including 6 cents. Of these 11 are Federal licensed markets, one market has joint state and Federal control, eight markets have state regulations, and six markets have no official control. The Federal licensed markets are Evansville, Indianapolis, Des Moines, Omaha, Lincoln, the Twin Cities of Minnesota, Oakland and Los Angeles, Fall River, Richmond, and St. Louis. The joint state and Federal market is Providence. The state regulated markets are Philadelphia, Seattle, Pittsburgh, Dallas, Salt Lake, Portland, New York City, and Cleveland. Markets without any official control are Memphis, Wilmington, Mason City, Iowa, Washington, D. C.; Butte, Mont.; and Sioux Falls, S. D. In the third group there are 14 markets with margins from 6 cents per quart up to but not including 7 cents. Six of these are Federal markets, four are state regulated markets, and four markets have no official control. The Federal licensed markets are Savannah, Fort Wayne, Ind., Detroit, Denver, Louisville, and Kansas City. The state regulated markets are Albany, Hartford, Buffalo, and Cincinnati. The markets without any official control are Macon, Ga.; Duluth, Minn.; Wheeling, and New Orleans. In the final group there are five markets with margins from 7 to 8 cents per quart or more. None are under Federal license, one market, Miami, Fla., is under state regulation, and four markets, San Francisco, Little Rock, Birmingham and Raleigh, are without any official control.

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DENVER MILK LICENSE AMENDED

An amendment to the existing license for the Denver, Colo., milk sales area became effective October 1. It advanced the Class 1 price to producers from 50 cents per pound of butterfat to 60 cents. On 4 percent milk the advance represents about 40 cents per hundredweight, or about 35 cents advance per hundred on 3.5 percent milk. The new price is said to be fully 25 percent more than producers received for milk a year ago. The advance was requested by producers and the market administrator.

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U.S. BEET SUGAR PROGRAM ANNOUNCED

A program for the beet sugar growers of the United States for 1934 and 1935, designed to increase their 1934 income by about 15 million dollars over what they would otherwise receive, was announced by the Agricultural Adjustment Administration. The program may be extended to 1936 at the discretion of the Secretary of Agriculture. Sugarbeet growers who sign the production adjustment contract soon to be issued will receive an advance payment of $1 per ton on their normal yield per acre multiplied by the number of their acres planted in 1934, as well as a final payment of not less than 25 cents per ton, which will guarantee them parity price for their actual 1934 production or their normal yield times their planted acres, whichever is higher. The program for sugar beets, affecting approximately 100,000 growers in 17 states, is an integral part of the general sugar program undertaken under authority of the Costigan-Jones Amendment to the Agricultural Adjustment Act. The contract provides for a parity return to growers on their beet production in 1935, and in 1936 if the program is continued for that year. Also growers who planted beets in 1934 will receive parity payments on their estimated production for this year, based on the acreage planted and the average yields, or upon their actual production, whichever is higher. Despite the fact that drought and other factors are estimated to have reduced this year's production more than 30 per cent below the record crop of 1933, the income of growers from beets this year under the adjustment program will be brought up to within about 3 million dollars of the $58,600,000 income received from last year's record crop. The program will mean that growers will get about 15 million dollars more than they would get if they had to sell their present small crop in open competition with off-shore sugars at current prices without the protection of any program. States with the largest number of sugar beet growers are: Colorado, California, Michigan, Nebraska, Utah, Idaho, Montana, Wyoming, Ohio, Indiana, Wisconsin, Minnesota, Iowa, North Dakota, South Dakota, Kansas, and Washington.

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REGIONAL MEETINGS IN SUGAR BEET AREAS

Eight regional meetings in the principal sugarbeet producing areas, preliminary to the sugarbeet sign-up campaign, have been scheduled by the sugar section of the Agricultural Adjustment Administration. The meetings are to acquaint Extension Service workers with the details of the sugarbeet program and to assist them in completing their organization before the actual campaign begins. In addition, meetings of producers, processors, and others interested in the sugarbeet program will be held. After the first conference in Cheyenne, Wyo., on October 5, sugar section officials went to California, where the campaign is expected to begin first in order to give growers there an opportunity to sign contracts as early as possible. This is necessary in order that the processing companies may make their purchase contracts for next year sufficiently in advance of the planting season, which is several months earlier in California than in the other states. Other meetings are tentatively scheduled at Logan, Utah, October 12; Pocatello, Idaho, October 13; Fort Collins, Colo., October 15; Billings, Mont., October 15; Scottsbluff, Neb., October 16; Madison, Wis., October 18; East Lansing, Mich., October 19.

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PRICE SCHEDULES FOR OLIVE AGREEMENT

Mimimum prices to producers and changes in minimum prices to distributors, as provided for in the marketing agreement and license for California canned ripe olives, have been approved by the Secretary of Agriculture. The changes in minimum prices at which canners may sell to distributors, are intended to make prices more equitble among various sizes of canned goods in order that supplies may be equalized.

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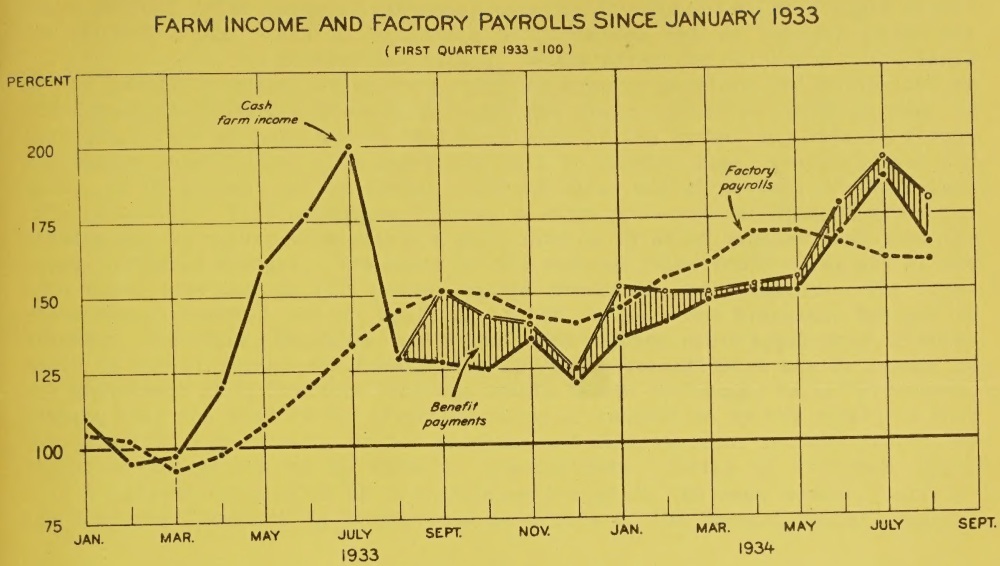

Farm income during June, July, and August of 1934 was at the highest level reached since the rise which started after the first quarter of 1933, and about 30 percent below the pre-depression level. Including benefit payments under the Agricultural Adjustment Act, farm income in August 1934 averaged approximately 80 percent above the low level during the first quarter of 1933. Prices paid by farmers on August 15 averaged 25 percent above the level of March, 1933. This indicates that the purchasing power of farm products in exchange for commodities had a net increase of 44 percent. Much of the advance in farm income has been paralleled by an advance in factory payrolls. During August 1934 factory payrolls were approximately 60 percent higher than in the first quarter of 1933, and city living costs had risen approximately 10 percent, so that the net increase in the purchasing power of factory payrolls was about 45 percent or practically the same as the increase in the purchasing power of cash income from farm marketings. Examining the relation between these two streams of purchasing power over the past year and a half, it may be observed that farm income rose sharply in the first quarter of 1933 and preceded the rise in factory payrolls. In the last half of 1933, benefit payments served to cushion with farm purchasing power the decline in factory production and buying power derived from payrolls, from the overstimulated levels of the summer of 1933. Following a recovery in industrial production and payrolls during last winter, there has been a recession between May and September of 1934, but the larger volume of benefit payments during the fall of 1934 will again serve to cushion the decline in industrial activity and payrolls. During August, farmers received in benefit payments and from the sale of cattle and from option payments, close to 70 million dollars. Similar payments during September will probably total around 85 million dollars. This should substantially offset the reduction in volume of farm marketing due to smaller 1934 crops.

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LOWER FREIGHT RATES FOR DROUGHT AREAS — Reduced emergency rates on livestock feed to drought areas, and on shipments of livestock out of drought areas for feeding and return, became effective October 1. The basis of the emergency rates, which were filed by western carriers and authorized by the Interstate Commerce Commission, provides for a reduction to 50 percent of the normal rate on hay, and to 66-2/3 percent of the normal hay rate on forage and forage substitutes. The emergency rate on cattle, hogs, goats, horses and mules, is 85 percent of the normal outbound rate, and 15 percent of the normal rate returning. Thus producers wishing to ship cattle out of drought areas for grazing and to return them within a year, may do so at no greater cost then the normal outbound freight. The basis of the reduced rates would cover all of the area under previous drought rates, except Wisconsin and Illinois. The livestock rates, however, do not apply on the St. Louis - San Francisco Railway in Arkansas, Louisiana, Oklahoma, and Texas. The reduced rates apply only to shipments of hay or forage and substitutes for which certificates may be issued by the Department of Agriculture, through county agents or drought relief directors, stating that the feed is for livestock owned or controlled by the person to whom the certificate is issued, or for purchase and distribution, without profit, by relief organizations or by farmers' associations. Rates on livestock apply only to livestock covered by certificates issued in the same manner, certifying that the livestock is transported as a part of the drought relief program.

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PAYMENTS TO GROWERS OF SUGARCANE FOR SYRUP — Commercial growers in the 20 parishes comprising the Louisiana sugar belt, who ordinarily produce sugarcane for syrup, may market their 1934 crop to syrup mills with the assurance that they will receive benefit payments comparable to those which growers participating in the sugarcane for sugar adjustment program, now under way in the State, will receive, the sugar section of the Agricultural Adjustment Administration announced. Instead of receiving the benefit payment in two instalments, these syrup producers in the sugar belt will receive the payment on their 1934 crop early in 1935 in a single payment. They will be required to enter into contracts with the Secretary of Agriculture covering their production in 1935 and 1936. The 20 parishes in the sugar belt, where a considerable portion of the sugarcane may be marketed for either sugar or syrup, are Terrebonne, Lafourche, Iberville, West Baton Rouge, East Baton Rouge, St. Mary, Assumption, Ascension, St. Charles, St. James, St. John, Iberia, Vermilion, Lafayette, St. Martin, Point Coupee, St. Landry, Avoyelles, Rapides, and West Feliciana.

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CLASS 1 MILK PRICE HIGHER FOR LOS ANGELES — The price for Class 1 milk to producers under the existing Los Angeles, Calif., milk license was advanced from 61 cents to 67 cents per pound of butterfat in amendments to the license which became effective October 1. The increase to producers amounts to about 24 cents per 100 pounds on 4 percent milk. New producers, formerly obliged to accept the Class 3 price for their milk for three full delivery periods, or three months, are now obliged to take the Class 3 price for only one month, with their bases to be alloted by the administrator.

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NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 2 October 13, 1934

PLAN TO CONSERVE SEED CORN SUPPLIES

A plan for optional purchase of certain quantities of seed quality corn, to be selected as needed from corn sealed on farms under Commodity Credit Corporation loans, was announced by the Agricultural Adjustment Administration. Under the plan, producers having seed quality corn under seal as security for 55-cent loans functioned through the Commodity Credit Corporation, would be encouraged to hold sufficient quantities of such corn exclusively for seed uses. The Agricultural Adjustment Administration is authorized to place selected corn under option contract, and farmers with whom options are negotiated will receive an advance option payment of 20 cents per bushel. The option contract to be offered owners of sealed corn, provides that the owner agrees to sell the seed corn to the Agricultural Adjustment Administration at $1 per bushel on or before May 1, 1935. The option may be exercised by the Administration to acquire the seed corn, or in the case of local demand, producers may obtain written authority to sell the corn to private individuals, for seed use only, in which case the 20 cents per bushel advance is to be repaid by the producers to the Administration.

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PROCEDURE FOR LOST COTTON CERTIFICATES

Producers who have lost their participation trust certificates in the Cotton Producers Pool of the Agricultural Adjustment Administration may obtain an additional advance of two cents a pound or offer their certificates to the pool for sale without delay despite the loss of the certificates, under a plan announced. These producers must execute an affidavit on a form furnished by the Administration in order to receive a duplicate. If a producer has transferred his trust certificate to some other person who has lost it, both the producer and the person to whom the participation trust certificate was transferred must execute affidavits on forms furnished by the Administration that the certificate was lost. However, if either wants to apply for an additional advance of two cents a pound or offer certificates to the pool for sale, but has lost the certificate, the affidavit or affidavits may be attached to the loan application blank or the offer to sell form. In this way, both matters will be handled in Washington at the same time and it will not be necessary to receive a duplicate certificate in advance. In cases of lost participation trust certificates, the owner of the certificate should contact his county agent for the necessary forms. County agents are sent these forms only upon request. If not available locally they may be obtained from the Agricultural Adjustment Administration in Washington. All county agents have been sent forms which must be filled out if holders of participation trust certificates wish to obtain an additional advance of two cents a pound on their pooled cotton or if they wish to offer to sell.

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BENEFIT PAYMENTS ADD TO FARM INCOME

A total of $294,809,568 has been added to farm income in 1933 and 1934 in rental and benefit payments disbursed up to September 1, to farmers cooperating in the adjustment programs for wheat, cotton, tobacco, corn and hogs, according to the monthly report issued by the Agricultural Adjustment Administration. From September 1, the date of the monthly report, to October 11, farmers have received checks for rental and benefit payments approximating 73 million dollars, bringing the total of rental and benefit payments close to 377 million dollars. Also contributing to farm income are expenditures totaling $101,308,068 in the purchase of surplus hogs, butter, cheese, and cattle; in export operations for wheat, and in conservation of seed, as shown in the monthly report. Of the rental and benefit payments disbursed to date of the report, producers participating in the cotton program have received $152,903,516; wheat producers, $70,505,594; tobacco producers, $15,978,733; and corn-hog producers, $55,421,723. These payments represent partial distribution of approximately 799 million dollars in rental and benefit payments due under three million contracts signed by farmers. Rental and benefit figures, however, do not include transactions in distribution of profits or advances on cotton options, either exercised or through participation in the cotton pool, as these are included in a separate report. In 24 states where drought has affected crops, the disbursement of benefit payments amounts to $242,942,882 to September 1. Payments already disbursed, and those to be made within the next few months, combined with drought cattle-buying, will play a large part in maintaining farm income in drought areas, particularly in regions where crops were almost entirely destroyed.

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LAST PURCHASES OF DROUGHT CATTLE ORDERED

New authorizations to purchase approximately 646,700 head of cattle in drought states, issued by the Agricultural Adjustment Administration, will bring the cattle buying program to a close. The estimated number of cattle that may be acquired under the new allocations, which are in addition to those cattle purchased under authorizations expiring on or before October 13, by states, are as follows: Colorado, 60,000; Kansas, 60,000; Missouri, 85,000; Nebraska, 60,000; Nevada, 5,000; New Mexico, 115,000; Oklahoma, 60,000; South Dakota, 26,700; Texas, 125,000; Utah 10,000; and Wyoming, 40,000. The additional authorizations will bring the total number of cattle acquired in operations to remove livestock from feed deficit areas to approximately 7,737,000 head, and will bring expenditures for purchase and benefit payments in connection with the entire cattle-buying program to approximately 103 million dollars. Since September 28, when quotas expiring October 13 were issued, directors in charge of cattle purchases in states, have been limiting buying operations to the most distressed areas, and county directors have been authorized to buy stock only from producers definitely unable to provide adequate feed for livestock. Up to October 8, the Agricultural Adjustment Administration had acquired a total of 6,427,180 drought cattle. Through October 8, vouchers had been certified for payments totaling $72,731,000 of which $45,916,587 represetts purchase payments, and $26,814,821 represents benefit payments to producers. Payments have been certified covering the purchase of 5,391,332 head. The cattle purchases are being financed by allocations from the Jones-Connally Act funds, and the Emergency Appropriations Act. Purchase of sheep and goats in the drought area is being carried on under a fund of 10 million dollars made available from emergency appropriations. To date of October 6, a total of 1,910,513 head of ewes had been purchased, for which payment is being made at the rate of $2 per head. All cattle and sheep acquired, and suitable for processing, are being converted into food for relief distribution.

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PLANS TO DISTRIBUTE SEED IN DROUGHT AREA ANNOUNCED

Plans for distribution of supplemental seed stocks conserved by the Agricultural Adjustment Administration, and the establishment of a system of clearing information to facilitate distribution of other seed supplies to deficit areas of drought-stricken states, have been announced. The Agricultural Adjustment Administration has acquired a quantity of the best adapted and superior varieties of grain in its buying program of the past three months, as a measure to prevent the dissipation of specially adapted varieties of seed as feed or in mixing. Holdings of such seeds, as of OctMber 5, were; Hard spring wheat, 4,263,460 bushels; barley, 1,398,710 bushels; oats, 6,276,170 bushels; durum, 826,000 bushels; flax, 417,250 bushels. In the distribution of the stocks held by the Agricultural Adjustment Administration, allocations will be made to deficit areas in the drought region on a basis of local surveys that establish needs for seed beyond locally obtainable supplies. Orders will be placed through county drought committees. Local commercial facilities will be employed to distribute the seed to farmers on a service charge basis; and all such seed as held by the Administration will be sold on the basis of a fair and reasonable price, computed from the original cost as grain, plus expenses of storage, handling, cleaning, and other essential items, and with due consideration to prevailing market conditions. No distribution of supplemental seed stocks will be made until it is clearly apparent that the required varieties cannot be furnished at reasonable prices through the regular commercial channels. While grain stocks of the Administration now consist of adapted varieties of hard spring wheat, durum, oats, barley and flax, the purchase of grain sorghums is being considered, and should it appear likely that stocks of soybeans for seed may be depleted through processing demand, purchases may be made of some varieties. The problem of conserving supplemental quantities of suitable seed corn in deficit areas is being studied. The seed stocks are now held in terminals, or in elevators in primary country distributing points in deficit areas. The movement of the stocks to final points of distribution will start promptly upon making of allocations to drought counties, and will be shipped to designated counties on the basis of state and county needs as reported by state directors of drought relief through consolidated county orders, and surveys of supplies made by county committees. Local elevators and seed houses will distribute the seed and handle all receipts from sales, on the account of the designated officer of the Agricultural Adjustment Administration. All elevators, seed houses, or other agencies handling seeds for the Administration and receiving funds for their sale, will be properly bonded.

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HIGHER RETURNS UNDER PEANUT PLAN

Market prices for the 1934 peanut crop above $59 a ton for Spanish peanuts, $56 a ton for Virginias and $50 a ton for Runners are expected to result from the recently announced peanut adjustment program, officials of the Agricultural Adjustment Administration estimated. All producers will benefit from these prices, which are substantially higher than prices probably would be without the program. In addition, producers who sign and carry out agreements to adjust 1935 peanut acreage will receive $8 on each ton of peanuts harvested in 1934. Thus, growers who take part in the program will receive more than those who do not. The program is designed not only to adjust the acreage planted to peanuts in 1935, but also to adjust the supply of peanuts from the 1934 crop available for cleaning and shelling, to a quantity which will be used by the cleaning and shelling trade at satisfactory prices. The adjustment of peanut acreage in 1935 will be brought about through contracts with individual growers.

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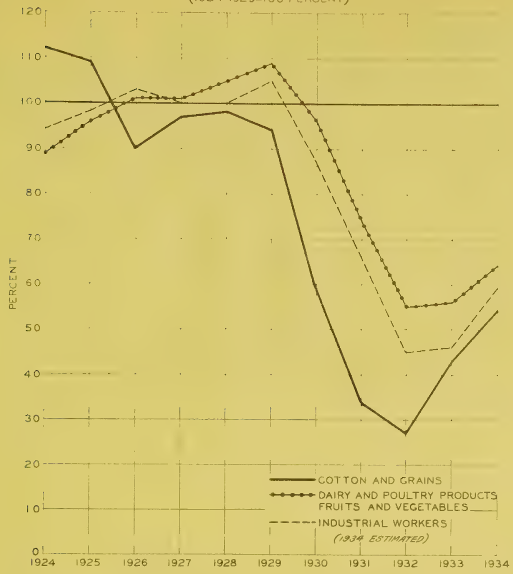
INCOME OF INDUSTRIAL WORKERS AND CASH INCOME FROM FARM PRODUCTS

(1924-1929=100 PERCENT)



The relation of farm income in the South and West to industrial purchasing power and the relation of both of these to the income from dairy and poultry products, fruits and vegetables since 1924 is illustrated in the above graph. Farm income in the two large farm areas affected by foreign competition and demand conditions failed to show the rising trend in national prosperity from 1924-1929 and therefore contributed to converting the 1929 boom into the 1932 depression. In this depression the returns from the export groups fell much more sharply than the returns from the crops dependent largely upon the domestic markets. The income from dairy and poultry products and fruits and vegetables, a substantial portion of which is produced in the northeastern part of the United States, declined to about 55 percent of the 1924-29 level, not quite as much as the decline in the incomes of industrial workers employed in factories and on the railroads; but the income from cotton and grains declined to less than 30 percent of the 1924-29 level. The first task of agricultural adjustment in 1933 was to restore the purchasing power of the export commodities so as to lend support to a revival in general business, and so that the latter might then make possible a rise in the incomes of farm products produced largely for the domestic markets. Taking the 1933 year as a whole, farm income from cotton and grains showed a sharp recovery and together with other recovery programs made possible the rise in consumer purchasing power, which, however, averaged in 1933 only slightly above the 1932 level. Because of the close relationship between the money income of consumers and the returns from the production of dairy and poultry products and fruits and vegetables, the latter also failed to show any noticeable increase for the entire year 1933 as compared with 1932. In both cases, of course, there was during the year of 1933 substantial improvement from the low levels reached in the spring of 1933. By 1934 the general business situation was feeling the effects of the stimulus from the increased purchasing power in the cotton and grain producing areas. Including benefit payments, income from cotton and grains is expected to average this year about twice as high as in 1932, and the higher level of consumer purchasing power together with the increased returns in the areas producing export commodities is making possible a higher level of returns to the producers of commodities largely consumed in the domestic markets.

COTTON ALLOTMENTS NEAR COMPLETION

Allotment of permanent tax-exemption certificates under the Bankhead Act has been completed in Alabama, Arkansas, Florida, Louisiana, South Carolina, Texas and Virginia. Distribution of the special 10 percent reserve, already completed in Florida, is going rapidly forward in the other six cotton states. Three other states, Georgia, Mississippi and Oklahoma, have advised the cotton section of the Agricultural Adjustment Administration that distribution of county allotments will be completed within a few days and that work then will begin on allotment of the 10 percent reserve. Georgia has completed 108 counties and Oklahoma 22 counties. North Carolina, which has completed allotments in all but seven counties, is expected to finish at an early date. Four states, Arizona, California, Missouri and Tennessee issued no interim certificates and split up the making of their permanent allotments so that each county could be given a portion without delay. These states are now completing the final issue. All except seven of the cotton-growing counties in Tennessee and six of the nine cotton-growing counties in Missouri have received their full county allotments. The special reserve, provided for in the Bankhead Act, is 10 percent of the total amount of cotton allotted to each state. This reserve is in addition to the amounts already apportioned to the counties and was designed to correct inequities arising in individual cases due to special conditions which are shown to exist on individual farms. No additional applications will be required in connection with this reserve as the applications already submitted, or which are being submitted, contain all the necessary information upon which to make the distribution. This 10 percent reserve may be distributed within a state without regard to county lines but it cannot be apportioned until all individual applications from all the counties in a state have been received. For this reason, and where the 10 percent has not already been allotted, state allotment boards have been urged to speed up the making of individual county allotments so that the 10 percent reserve may be distributed.

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COTTONSEED CRUSHING CODE HEARING AT MEMPHIS

A public hearing on a proposed code of fair competition for the cottonseed crushing industry will be held October 15, at the Hotel Peabody, Memphis, Tenn. The proposed code provides that a market news service for cottonseed be established under the control of a disinterested agency with all prices for seed and for cottonseed products to be posted in a conspicuous place on the mill property, and reported promptly to the agency. The agency would be charged with giving adequate publicity to such prices and with calculating a composite price for the products of a ton of cottonseed, thus making it possible to determine readily the gross margin between the price of seed and the value of its products. The proposed code also provides that by a majority vote of their state committee the oil mills in each state may make mandatory within that state the purchase of cottonseed on U.S. standard grades. A code authority composed of the chairman of the several state and regional committees would be set up under the code for its administration.

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PUERTO RICAN CITRUS PACT TENTATIVELY APPROVED

A marketing agreement for the Puerto Rican citrus industry has been tentatively approved, and is being sent to shippers for their signatures. The agreement would provide for U.S. inspection and grading, and volume prorate and regulation of the shipment of inferior grades. Under the agreement allotments would be made to growers and shippers in accordance with the fruit controlled by them in relation to the total available crop of Puerto Rico as estimated by the United States Department of Agriculture. The allotments so made would conform to any allotments which may be made by the national stabilization committee for grapefruit and oranges.

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FOREIGN COUNTRIES GET SUGAR QUOTAS

Determination of the 1934 sugar quotas for United States consumption for 28 foreign countries other than Cuba, under the provisions of the Jones-Costigan Act, was announced by the Agricultural Adjustment Administration. The total allotment amounts to 17,000 tons of sugar, raw value, with 100 tons of this amount held in reserve. It was pointed out that sugars arriving from foreign countries for refining and re-export, on which drawback is allowed under the Tariff Act of 1930 are not included within the quotas under the provisions of the Costigan-Jones Act. Quotas of sugar made from sugarcane or sugar beets which may be shipped by the 28 countries to the continental United States for consumption during 1934, expressed in pounds of sugar, raw value, are: Belgium, 201,141.35 pounds; France, 119.7 pounds; Germany, 79.8 pounds; Netherlands, 148,897.11 pounds; United Kingdom, 239,657.50 pounds; Canada, 385,599.19 pounds; Costa Rica, 14,076.82 pounds; Guatemala, 228,884.42 pounds; Honduras, 2,345,946.70 pounds; Nicaragua, 6,985,419.88 pounds; Salvador, 5,610,027.58 pounds; Mexico, 4,122,412.12 pounds; Dominican Republic, 4,557,491.06 pounds; Dutch West Indies, 3.99 pounds; Haiti, 629,865.97 pounds; Colombia, 182.34 pounds; Argentina, 9,962.50 pounds; Brazil, 817.95 pounds; Peru, 7,595,795.36 pounds; Venezuela, 198,198.50 pounds; British Malaya, 17.96 pounds; China, 55,080.95 pounds; Hong Kong, 141,826.77 pounds; Netherlands and East Indies, 144,467.77 pounds; Japan, 2,739.75 pounds; Australia, 139.65 pounds; Italy, 1,197.01 pounds; Czechoslovakia, 179,950.30 pounds; Total allotted, 33,800,000 pounds; reserves unallotted, 200,000 pounds. The regulations specify that arrivals in the United States during 1934 prior to the date of the regulations will be charged against the respective quotas for the various countries named.

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CUBAN SUGAR QUOTA NEARLY FILLED

Between January 1, 1934 and October 6, 1934, a total of 385,000 short tons, raw value of Cuban direct consumption sugars had been withdrawn from bonded warehouse or imported for consumption, leaving a balance of approximately 33,000 short tons, raw value, remaining on the 1934 quota for Cuban direct consumption sugars of 418,385 short tons, raw value, established under the Costigan-Jones Act. The Costigan-Jones Act specifically limits imports of direct consumption sugar from Cuba to 22 percent of the total quota established for Cuba.

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AMEND ST. LOUIS MILK LICENSE

An amendment to the amended license for the St. Louis, Mo., milk sales area became effective October 10. It does not alter prices paid producers, but clarifies the rates given in the license for deductions on transportation charges for milk brought to the city, and provides that all deductions from all producers for services must be paid to the market administrator.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 3 October 20, 1934

COTTON PROGRAM TO CONTINUE IN 1935

The Secretary of Agriculture announced that the cotton adjustment program would continue into the 1935 season. This announcement was made in order that the more than one million cotton farmers who signed 1934 and 1935 cotton contracts can proceed with their farming plans for the next season with full assurance that the voluntary cotton adjustment program will be made effective for 1935 under the terms of the two-year contracts. It was emphasized by officials of the Agricultural Adjustment Administration that the Secretary's announcement did not constitute the formal proclamation which the cotton contract requires. It is assurance that by December 1 such a proclamation will be issued. The cotton section of the Administration is engaged in developing the details of the 1935 program. These include the amount of reduction in acreage to be required and the amount and manner of rental and parity payments to be made. The complete details will be announced as soon as they are completed and approved. It was stated that an important phase of the 1935 program would be to offer cotton producers who did not sign the 1934-1935 contracts an opportunity to sign a contract covering the 1935 season. In addition to enabling farmers who are cooperating in programs to make their cropping plans for 1935, the preliminary announcement that adjustment world continue was made in order to prevent any misunderstanding of the relationship between the voluntary cotton adjustment program and the Bankhead Cotton Marketing Act. The Bankhead Act will become effective for its second year if the President finds and proclaims that the cotton production and marketing emergency continues or is likely to continue, and if the Secretary of Agriculture determines that two-thirds of the cotton producers favor the continuance of the Act. Any expression of producers' opinion which may be asked in connection with the Bankhead Act will not affect the Agricultural Adjustment Administration's obligations under the adjustment contract. Plans are under way to give the producers an opportunity to express their opinion on the Bankhead Act for 1935 but, it was emphasized, regardless of the decision of producers as to that supplementary form of control, the voluntary adjustment program will be continued into 1935.

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1935 CORN-HOG PLAN TO BE OFFERED

The Agricultural Adjustment Administration announced that approximately 69 percent of all producers voting in the corn-hog referendum meetings favored continuing adjustment through 1935 and that, in view of this substantial majority, a new corn-hog program definitely will be formulated and offered to producers as soon as possible. The final official report of the outcome of the referendum in full detail will not be ready for about ten days. A group of corn-hog committeemen and extension workers from 18 states, who were in Washington during the past week for a conference on corn-hog administrative work and the 1935 outlook, unanimously recommended after studying the preliminary results of the referendum that the Administration offer a new adjustment contract. The development and offering of a program for 1935, on the basis of the referendum result, also was urged by representatives of the Farmers' Union, the American Farm Bureau Federation and the National Grange.

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PAYMENT RATES ON PEANUTS CONTINUED THROUGH NOVEMBER

The prevailing rates of payments to oil manufacturers who divert 1934 farmers' stock peanuts into oil under the recently announced peanut adjustment program will continue in effect through the month of November, the Agricultural Adjustment Administration announced. Under the program, payments are made to oil manufacturers on all 1934 farmers' stock peanuts purchased after October 1, 1934, and used for oil except those purchased from contracting growers under regulations which enable such growers to receive diversion payments direct from the Agricultural Adjustment Administration. The payments made to oil manufacturers are passed on by them to peanut producers in the form of higher prices for farmers' stock peanuts. Producers, however, who sign and comply with adjustment contracts will be eligible to receive similar payments direct from the Administration if they so elect. Forms and regulations for making diversion payments to contracting growers will be issued soon. The payments to oil manufacturers are $16 a ton for Virginia type peanuts, $12 a ton for Spanish and $8 a ton for Runners. These rates may be changed during the season if oil prices should materially advance or if a change is necessary in order to establish satisfactory prices to growers, but the present rates will continue at least to November 30.

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CHANGE IN RICE PRICE AND CONVERSION CHARGE

Amendments to the license for the Southern rice industry and an order of the Secretary of Agriculture under the California rice industry agreement became effective October 15. Increased minimum prices for 13 specified varieties of rough rice defined in the Southern rice agreement and license, an advance in the price for extra fancy Japan clean rice in the California rice agreement, and a reduction in the conversion charges per barrel on rough rice at mills under the Southern rice license, are provided for. The amendment and the Secretary's order relative to the minimum prices to growers for the grade of rough rice called No. 1 prime, a milling quality on the basis of a barrel of 162 pounds, under the Southern agreement and license, advances the schedule as follows: Early Prolific and Japan $2 instead of $2.75 and $2.85 per barrel respectively as before; with one additional variety, shoamed, added, at a minimum price of $2.90. Blue Rose type Prolific, a new addition to the list, $3.10 per barrel; Blue Rose, $3.30 instead of $3.15 per barrel; Louisiana Pearl, $3.15 instead of $3 per barrel; Lady Wright and Early Wright, $3.30 instead of $3.15 per barrel; Edith, $3.60 instead of $3.40 per barrel; Stormproof, $3.60 instead of $3.40 per barrel; Fortuna and No. 2702, Nira, $3.65 instead of $3.45 per barrel; and Roxoro, $3.70 instead of $3.50 per barrel. The price declared for clean extra fancy Japan California rice is defined in the order at $3.95 per hundred pounds, f.o.b. San Francisco, instead of $3.60 as previously listed. This order was issued as provided for in the agreement for the California rice industry. The Southern rice industry order and amendment to the license reduces the conversion charge on rough rice from 79 cents to 50 cents per barrel, with no allowance included for cost of containers. The original license allowed containers cost of 9 cents per barrel of rough rice and 5 cents extra for cotton and burlap linings and slips for clean rice, in addition to the conversion charge.

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CUBAN SUGAR QUOTA NEARS COMPLETION

The Agricultural Adjustment Administration announced that between January 1, 1934, and October 17, 1934, a total of 414,111.6 short tons, raw value, of Cuban direct consumption sugars had been withdrawn from bonded warehouse or imported for consumption, or certified for withdrawal or import, leaving a balance of approximately 4,273.4 short tons, raw value, remaining on the 1934 quota of 418,385 short tons, raw value, for Cuban direct consumption sugars as established under the Jones-Costigan Act.

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CLOSING DATE SET FOR TAX CERTIFICATE POOL

Tentative plans for closing the surplus cotton tax-exemption certificate pool to further receipt of surplus certificates on November 10 were announced by the Agricultural Adjustment Administration. Purchase of certificates from the pool, it was emphasized, would continue so long as the pool had certificates on hand. State allotment boards have been urged to assist producers who wish to turn in surplus certificates to the pool. The pool now has on hand orders for more certificates than it is able to fill. Orders received by the pool up to October 15 for surplus certificates are equivalent to 638,260 bales of cotton, with indications that the total demand may be equivalent to as much as 750,000 bales. On all of these orders, the purchasers expect to pay four cents a pound, the rate fixed by the Secretary of Agriculture as the standard selling price for surplus certificates purchased through the national pool. Producers who turn certificates in will be paid approximately $20 a bale for all certificates sold through the pool. When the pool is liquidated, each producer will be returned his share of any unsold certificates. These may be used next year if the Bankhead Act is effective for 1935.

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FLORIDA CITRUS PACT TENTATIVELY APPROVED

A marketing agreement for the citrus industry of Florida has been tentatively approved and is being sent to the industry for signature. In addition to provisions for proration, the agreement provides that the control committee may limit the shipments of fruit inferior to U. S. No. 2 grade and fruit of specified sizes. After two-thirds of the crop has been shipped any grower may apply for exemption from grade and size restrictions, provided he has been able to ship the same percentage as the average that has been permitted to move. Necessary daily reports from individual shippers would be available to the control committee. All information furnished to the control committee would be available for examination by any shipper or grower and might be published by the control committee. The agreement also provides for participation in the national stabilization program for all citrus areas in the United States and for Puerto Rico.

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HEARING TO AMEND NORTHWEST FRUIT PACT

A public hearing on proposed amendments to the marketing agreement and license for handlers of northwest fresh deciduous tree fruits grown in the states of Washington, Oregon, Montana and Idaho will be held October 23 at Spokane, Wash. The proposed amendments consist of provisions to change the manner of selecting the control committee; elimination of proration; and distribution of any payment for reports by the Market News Service of the Bureau of Agricultural Economics.

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SAVANNAH MILK LICENSE AMENDED

An amended license for the Savannah, Ga., milk sales area which changed the classifications and the price of milk in certain classes, became effective October 15. The amended license is based on operating experience in the market and seeks certain adjustments to improve local market conditions.

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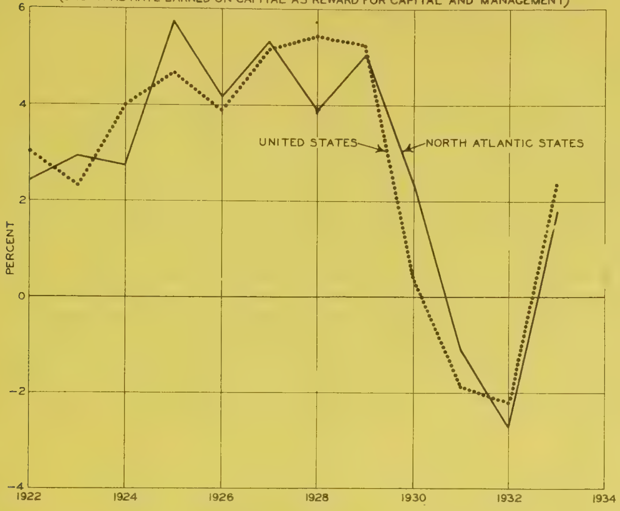
FARM RETURNS, UNITED STATES AND NORTH ATLANTIC STATES

(SHOWN AS RATE EARNED ON CAPITAL AS REWARD FOR CAPITAL AND MANAGEMENT)



Incomes in certain farm areas depend upon the general business and the general agricultural situations as is shown in the above chart. From annual reports of individual owner-operator farmers to the Department of Agriculture, giving their receipts, expenditures, etc., there have been calculated the rates earned on capital as reward for capital and management, with an allowance for the farmer's own labor deducted. For the country as a whole these earned returns on capital averaged under 3 percent in 1922-24 and about 5 percent in 1927-29, fell to a loss of 2 percent in 1932 and recovered in 1933 to about 2 percent, or to about 40 percent of the rate earned before the depression. The rates for the North Atlantic States have in general followed the same course as the rates for the country as a whole, though varying somewhat more from year to year. The year-to-year variations in earnings in the North Atlantic States from the level of earnings for the country as a whole are probably due to variations in local production and in production of feed crops in other areas, but the important fact is the extent to which the earnings in the North Atlantic States seem to depend on the general farm situation. If in any one year the earnings in the North Atlantic States fall short of the general average, they make up for it in the next year, so that over two-year periods there has been a remarkable similarity in the two sets of data. Thus, for the two years 1922 and 1923 both the United States and the North Atlantic States earned an average of 2.6 percent; in the next two-year period, 1924 and 1925, both rates were 4.3 percent; in 1926 and 1927 both areas averaged about 4.5 percent; in 1930 and 1931 the United States figure was -.7 percent, the other was .6 percent. In 1933 both were about 2 percent. Apparently as the farm situation in general goes, so does the situation in the North Atlantic States. This is to be expected because returns from a large part of the total farm production of the country and from even a greater proportion of production in the North Atlantic States depend on the national consumers' purchasing power.

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SOUTHERN ILLINOIS GETS MILK LICENSE

At the request of agencies on the market, a license has been completed for the Southern Illinois milk sales area which includes a number of townships in Franklin, Williamson, Jackson and Perry counties. The license will become effective November 1 and will operate on the base and surplus plan without country receiving stations, with established prices to producers, no resale prices to consumers, and a market pool and adjustment fund supervised by a bonded market administrator. Class 1 milk is scheduled in the license at $2 per 100 pounds of 4 percent milk f.o.b. the distributors' plants. This price compares with an average of about $1.73 per hundredweight paid producers since January of this year. The Class 2 price is established at four times the average price of 92 score Chicago butter plus 30 cents per hundredweight, or about $1.29 per hundred on the August butter price basis. Class 2 prices this year have ranged from $1.10 to $1.21. The price for Class 3 milk, or all excess above Classes 1 and 2, is established at four times the current price of 92 score Chicago butter without any added differential, which would amount to about 99 cents per 100 pounds at the August butter market.

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FORT WORTH MILK LICENSE AMENDED

An amendment to the license for the Fort Worth, Texas, milk sales area, which broadens the territory covered by the license and changes minimum prices, became effective October 17. The amendment specifies that the sales area include in addition to the corporate limits of Forth Worth, all the territory within three precincts of Tarrant County. This additional territory includes about 22,600 persons, making the total combined population of the sales area about 186,000. The minimum resale price schedule of the license has been amended to include minimum prices on two classes of milk instead of one. Schedules are now provided for milk testing 4.3 percent butterfat or less and for that which tests more than 4.3 percent.

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MILK LICENSE HEARING AT DUBUQUE, IOWA.

A public hearing on a proposed license for the Dubuque, Iowa, milk sales area will be held on October 26, at Dubuque, Iowa, at the request of the Dubuque Cooperative Dairy Marketing Association, representing about 300 producers selling fully 60 percent of the total volume of the milk supply, the Agricultural Adjustment Administration announced. The proposed license includes an equalization pool, providing for a blended price to all producers, and providing that all distributors will pay the sale price for milk which is used in the same class. Prices to producers and other details of the license will be developed at the hearing.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 4 October 27, 1934

SEED CORN OPTION PURCHASE PRICE RAISED

Contracts for the optional purchase of between 500,000 and 1,000,000 bushels of seed quality corn, to be selected from corn sealed on farms under Commodity Credit Corporation loans, will call for payment for such corn at the rate of $1.25 per bushel, on exercise of options, the Agricultural Adjustment Administration announced. It is expected that the contracts will be in the field within the next few weeks. The plan for optioning sealed corn, as a measure to prevent unsealing and feeding valuable seed stocks, originally placed the option price at $1 per bushel. Under the seed corn conservation plan, the Agricultural Adjustment Administration will select cribs of seed-quality corn in such states as South Dakota, Kansas, Minnesota, and Missouri, where the seed corn situation is most serious, and where reports indicate that the supply of 1933 sealed corn suitable for seed may be threatened by the demand for feed. Producers holding corn that meets the specifications for seed quality and is held under storage conditions that will preserve its qualities will be offered an option contract which provides that in return for an advance of 20 cents per bushel, such seed will be held for sale to the Agricultural Adjustment Administration at $1.25 per bushel, on or before May 1, 1935. The option may be exercised by the Administration to acquire the corn, or in case of local demand for seed, producers may obtain written authority to sell the corn to private individuals, for seed use only. Producers negotiating optional sale of their sealed corn will have received a total of 75 cents per bushel, including the 55-cent loan from the Commodity Credit Corporation, and the 20 cents advance from the Agricultural Adjustment Administration. The Commodity Credit Corporation will act as the fiscal agent of the Administration in the seed corn conservation plan, disbursing the option advances to farmers from an allocation of $500,000 made to it by the Agricultural Adjustment Administration for this purpose.

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CLOSING DATE SET FOR STOVER AGREEMENTS

November 10 has been set as the closing date for signing applications and agreements for harvesting and sale of corn fodder and corn stover, the Agricultural Adjustment Administration announced. Under the agreements, producers apply for allotments of corn stover and upon granting of the allotment, the Agricultural Adjustment Administration agrees to purchase such quantities within the allotments as may remain unsold on farms on or after April 1, 1935, at prices fixed in the agreements. Quantities of corn stover and corn fodder thus allotted are listed with Kansas City feed agency. Under the program more than 500,000 tons of corn stover, and corn fodder, that would not ordinarily have been conserved, is listed with the Federal Livestock Feed Agency in Kansas City as available for drought areas. Officials stated that November 10 represents the latest date believed advisable, as no more corn fodder will be cut after that time, and all producers with stover or corn fodder available will then have had ample time to sign agreements. In addition to corn stover and corn fodder, approximately 1,000,000 tons of available hay have been listed with the Kansas City office.

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NEARLY 7 MILLION CATTLE BOUGHT

A total of 6,871,566 head of cattle had been purchased through October 22 in the drought-hit areas of 24 states, it was announced. These purchases constitute 30.2 percent of the inventory of cattle on the 566,149 farms selling cattle to that date. The heaviest percentage of sales to inventory is in North Dakota, where it is reported that 51.1 percent of the total inventory on farms has thus far been sold under the emergency plan. The smallest percentage of sales on the basis of the inventory of farms selling occurs in Oregon and Nevada where approximately 9.5 percent of the cattle have thus far been sold. Approximately 3,088,465 ewes and 146,527 goats had been purchased in 17 states. Expenditures certified to October 22 for purchase of cattle in drought areas reached $86,615,717 and expenditures for purchase of sheep and goats certified through the same date totaled $1,692,175. Vouchers certified, for the above payments, represent purchase and benefit payments in connection with the acquisition of 6,405,299 head of cattle, and 847,430 head of sheep and goats. Purchases of cattle by states are: Arizona, 74,902; Arkansas 87,914; California 18,676; Colorado 208,775; Florida 16,335; Idaho 29,797; Illinois 2,534; Iowa 18,656; Kansas 481,722; Louisiana 27,805; Minnesota 241,016; Missouri 441,900; Montana 322,468; Nebraska 411,549; Nevada 25,514; New Mexico 401,661; North Dakota 943,020; Oklahoma 415,702; Oregon 11,178; South Dakota 849,858; Texas 1,445,537; Utah 96,330; Wisconsin 53,971; Wyoming 244,746. Purchases of sheep by states are: Arizona 4,434; California 19,731; Colorado 152,529; Idaho 114,324; Kansas 7,956; Minnesota 4,588; Missouri 4,419; Montana 455,082; Nebraska 24,378; Nevada 80,513; New Mexico 215,073; North Dakota 23,522; Oregon 164,797; South Dakota 150,212; Texas 936,616; Utah 155,212; Wyoming 585,089. Of the cattle purchased, 5,782,942 have been donated to the Federal Surplus Relief Corporation to October 22. More than 4,000,000 of these have been shipped for slaughter, while 1,372,000 have been shipped to pasture in non-drought areas.

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WARN AGAINST ASSIGNING LIVESTOCK BENEFITS

Farmers selling cattle or other livestock to the Agricultural Adjustment Administration under the emergency cattle agreements and emergency livestock agreements, with respect to the purchase of sheep, are warned that assignment of or contracts to transfer benefit or service payments received from such sales cannot be legally enforced. Such action is in violation of the terms of the agreements. The Administration issued the warning after complaints had been received that in some instances farmers' creditors, although waiving all claims to benefit or service payments in return for being named as joint payees for the purchase payments, were asking producers to sign separate agreements or through other devices were attempting to require producers to assign or contract to pay over benefit or service payments. Two separate payments are made in connection with emergency purchases of drought cattle, or drought sheep and goats. One, a "purchase payment," is subject to claims of any lienholders against the livestock, and the other, a "benefit payment" in the case of cattle, or a "service payment" in the case of sheep or other livestock, goes direct to producers, and under the terms of the agreement is not subject to any claims of lienholders. Both cattle agreement and the livestock agreement specifically protect the farmer against the pressure of over-anxious creditors who may insist that the producer assign or contract to pay over benefit or service payments. Under instructions issued to county agents, checks for these payments are delivered only to producers. Before cattle, sheep or goats upon which liens are held can be sold, holders of the liens must sign the agreement. In so signing, the lienholders waive any claims to benefits or service payments, agreeing not to bring suit or proceedings to have such payments applied to any claim or debt, in consideration of the application upon the claims of the purchase payments made under the agreement with the Secretary of Agriculture.

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51 MILLION PAID ON COTTON OPTIONS

Cotton producers who accepted options on government-owned cotton as part payment for participating in the 1933 cotton adjustment program had been paid a total of $51,016,815.46 through September 30, the Agricultural Adjustment Administration reported. This money has been paid producers under two methods of exercising the options with $12,074,070.57 going to those farmers who selected the direct sale of cotton method, and $38,942,744.89 going to those producers who exercised their options by participation in the cotton producers' pool. Payments made to producers on account of exercise of options by sale of cotton through September 30 are: Alabama, $637,003, Arizona, $123,400; Arkansas, $588,282; California, $144,423; Florida, $17,307; Georgia, $1,019,607, Kansas, $1,862; Kentucky, $183; Louisiana, $264,766; Mississippi, $676,035; Missouri, $93,969; New Mexico, $55,068; North Carolina, $943,312; Oklahoma, $2,237,279; South Carolina, $698,297; Tennessee, $192,141; Texas, $4,326,140; Virginia, $54,988. Payments made to producers on account of exercise of options by participating in the cotton producers' pool through September 30, are: Alabama, $3,396,638; Arizona, $187,222; Arkansas, $4,463,772; California, $78,992; Florida, $62,441; Georgia, $3,451,683; Kentucky, $22,357; Louisiana, $2,135,462; Mississippi, $5,198,587; Missouri, $468,580; New Mexico, $228,107; North Carolina, $1,309,564; Oklahoma, $2,239,898; South Carolina, $3,001,863; Tennessee, $1,170,611; Texas, $11,475,113; Virginia, $51,849.

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GINNERS' RETURNS DUE NOVEMBER 30

The Bureau of Internal Revenue advised the Agricultural Adjustment Administration that the date for making ginners' returns under the Bankhead Act has been extended from October 31 to November 30. This extension of time will give full opportunity for producers to receive their regular exemption certificates and such certificates as will be issued covering the 10 percent state reserve for use in ginning this year's crop.

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ESTABLISH SUGAR PLAN DISBURSING OFFICES

In order to facilitate the payment of benefits under adjustment contracts signed by sugar beet and sugarcane growers, disbursing offices of the Agricultural Adjustment Administration will be established in Denver, Colo.; East Lansing, Mich; New Orleans, La.; and San Juan, Puerto Rico. The offices are to be established as soon as contracts are signed by farmers and ready for payment. It is expected that the establishment of the field offices will materially reduce the time elapsing between forwarding of contracts and payment of benefit payments. The Denver office will handle payments for the western sugar beet states; the East Lansing office will be for sugar beet growers in the eastern states; the New Orleans office will handle payments on sugarcane adjustment contracts; and the San Juan office will handle payments on Puerto Rican cane adjustment contracts.

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CUBAN SUGAR QUOTA REACHEE

The Agricultural Adjustment Administration announced that the quota for imports of direct-consumption sugar from Cuba for the current calendar year, established by the Secretary of Agriculture under the Jones-Costigan Act in June, 1934, amounting to 418,385 short tons raw value, has been reached. The Jones-Costigan Act provides that the quantity of direct-consumption in any calendar year may not exceed 22 percent of the total Cuban quota of raw and refined sugars. This total for 1934 was fixed at 1,901,752 tons in June 1934.

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AMEND TWIN CITIES MILK LICENSE

An amendment to the license for the Twin Cities milk sales area of Minnesota, reducing the Class 1 milk price to producers for 3.5 percent milk f.o.b. the distributors' plants from $2 per 100 pounds to $1.70, became effective October 25. Discussions on the advisability of lowering the Class 1 price temporarily on the Twin Cities market have been conducted among the principal agencies on the market. The price set in the license last spring was $1.60 per 100 pounds for Class 1 milk, this was increased by an amendment effective August 15, which advanced the price to $2. The difficult production conditions then in prospect because of severe drought throughout the production area warranted the increase at that time. Since the higher price became effective, production has increased beyond normal expectations because of more rainfall in late summer and fall, which partly restored feed and forage in parts of the area. Inasmuch as consumption did not make corresponding gains and much of the surrounding production area is tributary to an intensive cheese factory and creamery zone, the pressure of competing milk at the $2 price for Class 1 milk in the Twin City market created a situation which made it inadvisable to retain that price for the present.

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QUAD CITIES MILK LICENSE AMENDED

Upon recommendation of the producers and distributors serving the milk sales area of the Quad Cities of Illinois and Iowa, a reduction in the price for Class 1 milk from $1..85 to $1.70 per 100 pounds of 3.5 percent milk became effective October 22 in an amendment to the license for that milk sales area. On September 1 the price was increased from $1.70 to $1.85 per 100 pounds of milk because of drought conditions. Since the increased price became effective rains have revived pastures and to some extent restored available feed supplies. The agencies on the market have therefore decided to drop back to $1.70 per 100 pounds, which figure is still 85 cents more than the farmers received prior to any license on the market. The present price is exactly twice the 1933 producers' price for bottled milk sold to consumers.

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PORT HURON MILK LICENSE AMENDED

A minor amendment which adds a paragraph to the milk license for the Port Huron, Mich., sales area, but in no way changes any of the terms or provisions of the license, became effective October 22. The added paragraph introduces the schedule of minimum resale prices defined in the license and makes clearer the relation of the minimum resale prices to the license.

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CERTIFICATION REQUIRED ON IMPORTED SUGAR

In connection with the recent announcement of sugar quotas for foreign countries other than Cuba, the Agricultural Adjustment Administration announced that such sugars, in order to be entered for consumption in continental United States, should obtain certification from the sugar section of the Agricultural Adjustment Administration that such entry is within the sugar quotas established by the Secretary of Agriculture under General Sugar Quota Regulations, Series One, Supplement One, dated October 9, 1934. Those desiring to enter or withdraw such sugars from bonded warehouses should contact the sugar section of the Agricultural Adjustment Administration stating the quantity to be entered or withdrawn, type of sugar, and country of origin. Owners or agents of full-duty sugars who, pursuant to General Sugar Order, Number One, dated August 21, 1934, desire to give bond to the effect that the sugar is to be entered for subsequent re-export and not for domestic consumption, are not affected by this requirement.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 5 November 3, 1934

CANCEL INVALID TRANSFER COTTON CERTIFICATES

Cancellation of all invalidly transferred Bankhead cotton tax-exemption certificates is provided for in an amendment to regulations under the Bankhead Act signed by the Secretary of Agriculture, the Agricultural Adjustment Administration announced. In the event the Bankhead Act is made effective for the 1935 season, all tax-exemption certificates in excess of this year's needs may be exchanged for certificates good for 1935. Since any transfer or assignment of a certificate, or a portion thereof, not made in accordance with the regulations prescribed by the Secretary is invalid, it was decided to cancel all invalidly transferred certificates for the protection of producers who follow the proper transfer procedure. Upon cancellation of a certificate, the chief of the cotton section shall give notice of the cancellation direct to the Commissioner of Internal Revenue who will advise collectors of internal revenue; to the county agent for the county in which the certificate was originally distributed; to the county agent for the county within which the person to whom the certificate was invalidly transferred resides; to the person to whom the certificate was originally issued; to the person who made the invalid transfer if he was not the person to whom it was originally issued, and to the person to whom it was invalidly transferred. Any ginner accepting invalid certificates is liable to the Bureau of Internal Revenue for the full amount of tax on the cotton covered by invalid certificates. Cotton tax-exemption certificates may be validly transferred only through the national surplus cotton tax-exemption certificate pool except when the transfer is made within a county. Certificates issued from the national pool are printed in red ink and therefore are easily identified. All transfers, however, should be handled through the county assistant in cotton adjustment.

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LIMIT PROCESSING OVER-QUOTA SUGARS

General processing in 1934, of over-quota sugars now held in the United States under customs custody is not permitted under General Sugar Order No. 1, issued by the Agricultural Adjustment Administration on August 21, to permit importation and refining of raw sugar under certain limitations without charging such importations against the import quotas of the exporting areas, officials of the Agricultural Adjustment Administration explained. The order applies only to special situations arising out of sugar quota restrictions under the Costigan-Jones Act, and no over-quota sugars can be processed before January 1, 1935, unless such processing is determined, under the order, to be necessary to carry out the purpose of the Act.

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CHANGE IN HOG PROCESS TAX REGULATIONS

A redefinition of the term "first domestic processing" of hogs, which will transfer to commercial handlers all liability for payment of the processing tax with respect to hog products derived from hogs slaughtered by producers and feeders and for which the producers and feeders were liable heretofore, became effective on November 1 in all parts of the United States. As a result of the redefinition, farmers are liable for the processing tax only with respect to hog products sold direct to consumers in excess of the exemptions allowed under the tax regulations. No tax is required to be paid by the producer who slaughtered his own hogs and who sells to or exchanges directly with consumers, not more than 300 pounds of the products derived therefrom during any marketing year. If he sells not more than 1000 pounds directly to consumers he is liable for the tax only on the volume sold in excess of the exemption of 300 pounds. If the producer sells more than 1000 pounds of the products derived from his hogs, during any marketing year, he loses this exemption and is liable for the tax on all hogs slaughtered, of which the products were sold direct to consumers. In determining the amount of the tax the weight of the products sold are restored to a live-weight basis according to conversion factors prescribed in processing tax regulations. The exemptions do not apply to farmers who slaughtered hogs not of their own raising and who sell the products thereof. A modification of the hog processing tax regulations which will limit exemption of the tax on condemned parts to those condemnations which are the result of pathological changes as determined by post-mortem inspection, was also announced. This modification will enable the Bureau of Internal Revenue to make a satisfactory check on the kind of product condemned and the weight of such product. The conversion factor which will be applied henceforth to condemned parts in order to restore to a live-weight basis will be the conversion factor prescribed for such part in the tables of conversion factors contained in the hog processing tax regulations instead of the conversion factor of 132 percent which has been used for all parts heretofore.

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BANKHEAD ACT CERTIFICATE PLANS

All surplus cotton tax-exemption certificates outstanding at the end of the cotton ginning season will be recalled and in their stead new certificates of a different color and appearance will be issued for use next year provided the Bankhead Act is made effective for 1935, the Agricultural Adjustment Administration announced. The decision to re-issue surplus 1934 cotton tax-exemption certificates in a style different from that used this year was reached after reports of illegal trading in the certificates had been received from the Cotton Belt, and in order to avoid confusion. When the re-issue is made, the new style certificates will be sent to the owners of the original certificates or to those persons who have come into legal possession of the certificates by purchase from the national cotton tax-exemption certificates pool or who have secured certificates through legal transfer within their own county. This decision does not in any way affect the right of a producer to use his surplus certificates in the event that the Bankhead Act is effective next year as he will be re-issued new certificates to the exact amount of his unsold surplus. It is merely a precautionary measure designed to make certain that if need arises the rightful owners of surplus 1934 certificates will have the use of this excess in 1935.

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TWO HEARINGS ON TOBACCO PROCESSING TAXES

Two public hearings, one upon the rate of processing taxes on Burley, flue-cured, fire-cured and dark air-cured tobacco used in the manufacture of plug chewing, twist chewing and other chewing tobacco, the other upon the rate of the process-tax on cigar-leaf tobacco generally and on cigar-leaf used in the manufacture of scrap chewing or smoking tobacco will be held at the Hotel Mayflower, Washington D. C., on November 9. Both notices of hearings said the Secretary of Agriculture had "reason to believe" that the processing tax, on the several types of tobacco used for the purposes mentioned, at such rate as was found to equal the difference between the current average farm price for the several types of tobacco named and the fair exchange value thereof "will cause such reduction" in the domestic consumption of the tobacco types or their products "as to result in an accumulation of surplus stocks" or in "the depression of the farm price" thereof. The notices further set forth that, if the Secretary finds that such results will occur, then the rate of the processing taxes on the several types of tobacco used for the purpose set forth in the notices of the hearings "will be such as will prevent such accumulation of surplus and depression of the farm price thereof."

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SUGARCANE ALLOTMENTS TO "NEW GROWERS"

Provisions under which a limited number of Louisiana farmers, who formerly grew sugarcane, but who did not grow any in the years 1932, 1933, or 1934, may each receive allotments for the production of not more than 100 tons of cane in 1935 under the sugar adjustment program, were announced by the Agricultural Adjustment Administration. The announcement supplements an earlier statement which outlined options that growers with production records in recent years might select in determining the base for their allotments under the sugar program. The earlier announcement stated that provision would be made for small land owners. Many of these small owners have been forced to discontinue cane production in recent years as a result of unfavorable economic conditions, the mosaic disease and other factors. Preliminary decision upon granting of allotments to these farmers, who are termed "new growers", will be made by the local sugarcane production control committees and the parish sugarcane production control committee. Allotments to new growers are to be limited to land owners and to farms which produced sugarcane before 1932. Detailed information regarding the 1935 allotments may be obtained by growers from their county agents.

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CHICAGO MILK PRICE LOWERED

An Amendment to the Chicago milk license which reduced the price for Class 1 milk from $2.25 per 100 pounds to $2 on 3.5 percent milk f.o.b. country station in the 70 mile zone, became effective November 1. Present conditions of supply and demand, and the prices paid producers for milk used in manufactured dairy products, indicated the necessity for a reduction in the price to producers until and unless supply and demand conditions improve and if butterfat prices continue to rise. The price was advanced from $2 to $2.25 by amendment to the license in July, under drought conditions.

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INCREASE MICHIGAN MILK PRICES

Amended licenses for the milk sales areas of Grand Rapids, Lansing and Muskegon, Mich., which provide higher prices to producers, will become effective November 5. Net increases in the Class 1 price on 3.5 percent milk f.o.b. distributors' plants, amounting to 35 cents per hundredweight at Muskegon and 25 cents increase per hundredweight at Grand Rapids and Lansing are contained in the amended licenses. Slight increases in the Class 3, or manufactured milk prices are also made in the amended licenses. Under the amended license, Class 1 milk at Muskegon will cost distributors $2.20 per 100 pounds f.o.b. their plants, whereas the original license price was $1.85. In the amended license for Grand Rapids, the Class 1 price is raised from $1.85 to $2.10 per hundredweight and in the Lansing license from $1.75 to $2. In all three licenses the price for Class 2 milk remains unchanged.

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AMEND TULSA MILK LICENSE

A change in the schedule of producers' prices from the hundredweight of milk basis to the butterfat basis and incorporation of a base and surplus market plan are included in an amended license for Tulsa, Okla., which will become effective November 5. Class 1 milk f.o.b. the distributors plants in Tulsa will be purchased at 60 cents per pound of butterfat in the milk. Under the former license the price was $2.40 per 100 pounds of 4 percent milk, which is just the same rate. However, the price per pound of butterfat prior to any license in the area was only 37½ cents per pound of butterfat. Corresponding changes are also made in the other classes of milk, with an additional class added, making four in all.

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SIOUX CITY MILK LICENSE PRICE RISE

Price increases to producers in the Sioux City, Iowa, milk sales area amounting to 2 cents per pound of butterfat in Class 1 milk, 4 cents per pound in Class 2 milk and 3 cents more per pound in Class 3 milk, all on the basis of f.o.b. distributors' plants, are contained in an amended license which will become effective November 5. The advance in producers' prices was requested because of continued effects of the severe drought and a possible shortage of milk supply. The increased prices, it is anticipated, will enable producers to feed cows more heavily and may result in sufficient new production to maintain the supply at normal. The restrictions on new producers on the market have been eliminated in the amendment. According to the amended license producers will get 47 cents per pound of butterfat in Class 1 milk, sold by distributors as whole milk for direct consumption. For Class 2 milk producers will receive the average price for 90 score centralized carlot butter in Chicago plus 12 cents per pound of butterfat in milk, while for Class 3 milk the price will be based on the same Chicago carlot butter value plus 8 cents per pound of butterfat.

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FORT WORTH MILK LICENSE AMENDED

Some enlargement of the sales area and a slight decrease in the scheduled Class 3 milk price in the license are included in amendments to the existing milk license for the Fort Worth, Texas, milk sales area which became effective November 5. The price for Class 3 milk defined in the amended license is four times the current price per pound of 90 score carlot centralized butter at Chicago, plus 5 cents per 100 pounds of milk. The new price for Class 3 milk will be more in line with the price of competing milk used in manufactured dairy products.

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NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 6 November 10, 1934

COTTON FARMERS VOTE ON BANKHEAD ACT IN DECEMBER

Cotton producers will be given the opportunity to vote sometime in December on whether the Bankhead Cotton Control Act will be continued into the 1935 season. The date for the referendum, which will be uniform throughout the Cotton Belt, will be fixed when ballot forms, information and tally sheets have been printed and distributed. With each ballot, a statement from the Secretary of Agriculture will be given the cotton farmer, defining the Adjustment Administration's impartial attitude in the referendum. The Secretary urges farmers to examine carefully all the facts and reach a decision based upon considered judgment as to whether the Bankhead Act is needed to assure attainment of the objectives of the cotton adjustment program. The Secretary emphasizes in his statement that the Administration is not seeking to impose its views upon the producers. The referendum will be conducted by the production-control associations, with a special referendum committee selected in each of the communities where polling places will be located. There probably will be about 8,000 polling places throughout the Cotton Belt. The hours for balloting at each polling place will be from 8:00 a.m. until 6:00 p.m. on the date of the referendum. The ballots will be secret. Returns will be compiled on tally sheets and forwarded to the office of the county agent, who will compile the county totals. Results within each county will be publicly announced as soon as the tabulation is completed. Persons eligible to vote in the referendum, according to the Bankhead Act, are those who have the legal or equitable right as owner, tenant, sharecropper, or otherwise to produce cotton on any cotton farm, or part thereof, in the United States for the crop year 1935-1936.

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DROUGHT COUNTIES IN WISCONSIN ILLINOIS GET FREIGHT RATE CUTS

Extension of emergency drought freight rates on feed and livestock to nine Illinois counties and 21 Wisconsin counties has been announced by the Agricultural Adjustment Administration. The rates became effective November 7. The Illinois counties are: Boone, Du Page, Grundy, Kane, Kendall, Lake, McHenry, Will, and part of Cook county. The Wisconsin counties are Barron, Buffalo, Burnett, Chippewa, Dunn, Eau Claire, Kenosha, Oneida, Pepin, Pierce, Polk, Price, Racine, Rusk, St. Croix, Sawyer, Trempealeau, Walworth, Washburn, and parts of Jefferson and Rock counties. The emergency tariff permits shipments of hay into the designated counties at 66 2/3 percent of the normal hay rate, and forage at 50 percent of the normal rate for hay. Livestock may be shipped out of the counties for pasturing at 85 percent of the commercial rate and may be shipped back into the counties within one year at 15 percent of the normal livestock rate.

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CONFERENCE AT KANSAS CITY TO COORDINATE FEED PLANS

Officials of the Agricultural Adjustment Administration and the Department of Agriculture conferred with directors of drought relief of 17 states, on the livestock and livestock feed situation, and the operation of the Federal Livestock Feed Agency in Kansas City, at a meeting held in Kansas City, November 3. The purpose of the conference was to coordinate plans for the best possible distribution of available feeds through existing commercial and industrial agencies; to alleviate the effects of the drought; and to prevent the undue reduction of livestock numbers. State drought relief officials submitted reports on the situation in their states in regard to the feed supply in proportion to livestock numbers.

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MANUFACTURERS FAVOR LOWER TOBACCO PROCESSING TAX

Testimony in relation to a reduction in the processing taxes on cigar-leaf generally and on cigar leaf Burley, flue cured, fire cured and dark air cured tobacco used in the manufacture of plug chewing, twist chewing, and other chewing tobacco was presented at a public hearing November 9, in Washington, D.C. The hearing was called by the Secretary of Agriculture. If the Secretary finds from evidence presented that present tax rates would cause such reduction in consumption as to result in accumulation of surpluses and lower prices, then the rate of the processing tax on the several types of tobacco will be at such a rate as will prevent such results.

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BENEFIT PAYMENTS REACH TOTAL OF $345,593,486

Rental and benefit payments totalling $345,593,486 were paid up to October 1 to farmers cooperating in the four major adjustment programs of the Agricultural Adjustment Administration, and on the same date collections on processing and other taxes levied under the Agricultural Adjustment Act totalled $495,366,429, according to the regular monthly report. The report also lists total disbursements of $133,301,378 for the removal of surplus agricultural commodities, of which approximately $108,000,000 represents direct payments to farmers for hogs, cattle, and sheep. Of total rental and benefit payments listed $154,674,759 went to cotton farmers, $101,945,334 to corn-hog farmers, $72,631,099 to wheat farmers, and $16,342,293 to tobacco farmers. The total of $495,366,429 from the processing and other agricultural taxes is made up from receipts by commodities as follows: Wheat, $146,639,610.93; cotton, $170,764,114.90; tobacco, $25,285,531.47; field corn, $6,439,640.53; hogs, $128,163,505.40; paper and jute; $10,732,816.09; sugarcane and sugar beets, $7,224,960.42; cotton ginning tax (under the Bankhead Act), $1,595.59; tobacco sales tax (under Kerr-Smith Act), $114,654.16. The amount of rental and benefit payments received by various states, up to October, are as follows: Alabama, $13,674,067; Arizona, $585,606; Arkansas, $15,368,771; California, $2,403,959; Colorado, $1,700,729; Connecticut, $308,703; Delaware, $91,704; Florida, $678,318; Georgia, $13,219,364; Idaho, $2,473,193; Illinois, $8,847,124; Indiana, $10,385,217; Iowa, $28,112,525; Kansas, $24,824,272; Kentucky, $2,995,304; Louisiana, $7,316,032; Maryland, $875,493; Massachusetts, $276,288; Michigan, $1,105,130; Minnesota, $8,866,097; Mississippi, $14,745,384; Missouri, $13,980,032; Montana, $4,750,935; Nebraska, $14,746,387; Nevada, $48,310; New Hampshire, $11,886; New Jersey, $9,014; New Mexico, $1,060,429; New York, $86,344; North Carolina, $10,606,724; North Dakota, $10,958,612; Ohio, $9,134,524; Oklahoma, $20,560,312; Oregon, $1,898,972; Pennsylvania, $779,175; Puerto Rico, $1,158,051; Rhode Island, $36; South Carolina, $9,135,162; South Dakota, $8,897,835; Tennessee, $6,146,611; Texas, $61,618,606; Utah, $562,106; Vermont, $6,669; Virginia, $1,976,900; Washington, $4,388,819; West Virginia, $171,521; Wisconsin, $3,709,272; and Wyoming, $336,936.

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TOPEKA MILK LICENSE GETS FINAL APPROVAL

A license for the milk sales area of Topeka, Kan., became effective on November 10. The license was drafted to meet conditions on a market that is without a base and surplus plan and without country stations or transportation adjustments. It contains a schedule of prices payable to producers f.o.b. distributors' plants, and an equalization pool supervised by a bonded market administrator to be named by the Secretary of Agriculture, as well as minimum resale prices for milk. Distributors are obligated to pay producers for milk according to the uses to which it is put, as follows: Class 1 whole milk, sold wholesale or retail, bottled or bulk, 60 cents per pound of butterfat in the milk; Class 2 milk, for use as cream, flavored milk, creamed cottage cheese and buttermilk, the average wholesale price per pound of 92 score Chicago butter, plus 20 percent, plus 10 cents per pound of butterfat; Class 3 milk, or that in excess of the other classes, the Chicago 92 score butter price plus 5 cents per pound of butterfat. Previous prices paid producers in recent years have varied from 30 to 40 cents per pound of butterfat in Class 1 milk. No restrictions are placed in the license on new producers, and the market is open to all producers in the area, subject to the local health regulations. The minimum resale prices named in the license are limited to milk. They are 9 cents per quart retail and 8 cents wholesale, and 5 cents per pint retail and 4½ cents wholesale. The usual protective features for stability on the market are carried in the license.

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MILK LICENSE FOR PHOENIX, ARIZONA

A license for the milk sales area of Phoenix, Ariz., became effective November 10. Although drafted to meet conditions on a market that is without a base and surplus plan, the license provides for later use of such a plan if it is desired. It sets up an equalization pool through which distributors will pay all producers alike at prices established according to the actual use of the milk. The prices are effective f.o.b. the sales area. Under the license distributors are obligated to pay producers as follows: For Class 1 milk for sale as whole milk, bottled or in bulk, wholesale or retail, 50 cents per pound of butterfat in the milk; for Class 2 milk, used for cream, the average Los Angeles wholesale price of 92-score butter per pound, plus 20 percent, plus 10 cents per pound of butterfat; and for Class 3 milk, that in excess of the other classes, the Los Angeles butter price plus 2 cents per pound of butterfat. The price of Class 1 milk, 50 cents per pound of butterfat, represents a material increase over prices received from December 1932 to July 1934, during which period the producers received an average of about 36 cents per pound of butterfat. The license establishes minimum resale prices on two classes of milk: On milk which tests 4.4 percent butterfat or less, 8 cents per quart retail and 7 cents wholesale; and on milk which tests more than 4.4 percent butterfat, 9 cents per quart retail and 8 cents wholesale. Minimum resale prices for cream are as follows: For cream testing 30 percent fat or less, 28 cents per quart and 16 cents per pint retail, and 26 cents and 15 cents respectively, wholesale; for cream testing from 30 to 40 percent fat, 38 cents per quart and 21 cents per pint, retail, and 35 cents a quart and 19 cents per pint wholesale; for cream testing over 40 percent fat, 46 cents per quart and 25 cents per pint retail, and 43 cents and 23 cents respectively at wholesale. New producers who market milk in the sales area are obliged to accept the Class 3 or excess milk price for a period of 90 days after coming on the market.

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PEANUT DIVERSION PAYMENTS AVAILABLE TO MILLERS

Official announcement was made of the proposal of the Secretary of Agriculture to make payments to manufacturers of peanut oil, under the Agricultural Adjustment Act, for diverting farmers' stock peanuts which they have purchased this year into the manufacture of oil instead of into other commercial channels. The proposal is part of the program for adjusting production of peanuts and is designed to balance the supply of peanuts for shelled goods to the effective demand for these goods. Similar "diversion" payments for growers have previously been provided for under the program. The announcement was as follows: The Secretary of Agriculture proposes, pursuant to the Agricultural Adjustment Act, to make payments to any manufacturer of peanut oil for purchasing Farmers' Stock Peanuts grown in the year 1934 and diverting such peanuts from their normal commercial channels by using them for the manufacture of peanut oil, provided: (1) that such purchases and manufacture are carried out on or after October 1, 1934; (2) that such peanuts are not sold by the growers thereof subject to agreement on the part of the purchaser to divert such peanuts from their normal channels of trade by converting them into oil as provided by the United States Department of Agriculture, Agricultural Adjustment Administration, Form PN-4, "Oil Millers' Agreement and Receipt for Farmers' Stock Peanuts Delivered by Growers for Manufacture into Peanut Oil"; and (3) that proof of such purchases and diversions are made and payment therefor agreed to be accepted pursuant to the provisions of and in accordance with the terms and conditions of United States Department of Agriculture, Agricultural Adjustment Administration, Form PN-7, "Oil Millers' Agreement and Application for Peanut Diversion Payments for the Purchase of Farmers' Stock Peanuts and Diversion thereof into the Manufacture of Peanut Oil". The payments proposed to be made by the Secretary for such purchases by oil millers of Farmers' Stock Peanuts and the diversion thereof into the manufacture of oil are as follows: (a) Sixteen dollars per ton for Farmers' Stock Peanuts of Virginia Type; (b) Twelve dollars per ton for Farmers' Stock Peanuts of Spanish Type; (c) Eight dollars per ton for Farmers' Stock Peanuts of the Runner Type.

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TURPENTINE AND ROSIN QUOTA GIVEN APPROVAL

A quota of 450,000 units as the quantity of gum turpentine and gum rosin to be marketed during 1935 by the processors was approved by the Secretary of Agriculture, November 3. Under the terms of the license for the industry the control committee is to set the quota to be marketed each year, such quota to be subject to the approval of the Secretary. Approval of the recommendation makes the quota effective.

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NEW YORK POULTRY REGULATIONS APPROVED

Rules and regulations made by the supervisor of the New York live poultry code were approved by the Secretary of Agriculture, November 3, interpreting two amendments to the code which concern weekly reports, filing and posting of prices, and inspection of live poultry by licensed inspectors of the Department of Agriculture.

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UNITED STATES REPRESENTED AT WORLD WHEAT CONFERENCE

Representatives of the United States will attend the regular meeting of the International Wheat Advisory Committee, which opens at Budapest, Hungary, on November 20. Matters for consideration include a proposal to maintain world wheat acreage in 1935 at not more than the acreages planted in 1934, and also revision of the present export quota arrangement to provide greater flexibility. The production control features of the existing international agreement applied only to the 1934 crop. Extension of the agreement would affect plantings for the 1935-36 crop in the southern hemisphere, and the spring wheat crop in the United States and Canada. Reports show that the principal exporting countries made reduction in planted acreage in 1934 from the 1931-33 average as follows: United States, 12 percent; Australia, over 15 percent; Canada, 10½ percent; and Argentina, 5 percent. Delegates will urge maintaining the status quo in wheat acreage in order to prevent a recurrence of the heavy world surplus stocks which have acted as a depressing influence on world prices. Although the drought of the 1934 season brought about a reduction of surplus stocks, the world's potential productive capacity is still excessive and agreement among the principal producing nations is felt essential to avoid new and burdensome surpluses. United States delegates will favor revisions introducing greater flexibility into the export quota system, to care for unexpectedly large crops in individual nations while maintaining the world trade quota.

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NO BANKHEAD CERTIFICATES ACCEPTED AFTER NOV. 24

The surplus cotton tax-exemption certificate pool will not accept surrender of surplus certificates after Saturday, November 24, 1934, although certificates may be purchased from the pool so long as there is sufficient demand to warrant operation. Previously, November 10 had been announced as the tentative closing date for receipt of certificates. It was felt a 14-day extension from this date would give all holders of surplus certificates time in which to turn them in. Producers should be able to estimate by November 24 whether they expect to have surplus tax-exemption certificates for surrender to the pool. The pool expects to have on hand enough surplus certificates to fill all future orders. Producers will be paid approximately $20 a bale for all certificates sold through the pool. Each producer will be returned his share of any certificates the pool does not sell, which may be used next year if the Bankhead Act is effective for 1935.

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PEACH AGREEMENT GIVEN APPROVAL

A marketing agreement for the Colorado peach industry was given final approval by the Secretary of Agriculture to become effective November 6, 1934. The agreement, without a license, was approved to enable the industry to select a control committee and to organize for marketing next season under its provisions. The agreement provides for proration of shipments, grading of peaches to United States standards, and the posting of prices. The license may be issued before the opening of the next marketing season.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 7 November 17, 1934

CORN-HOG PROGRAM ANNOUNCED FOR 1935

An adjustment program for 1935 to be offered by the Agricultural Adjustment Administration to corn-hog farmers has been announced. A new contract for 1935 was endorsed by a majority of over two-thirds of all producers voting in the corn-hog referendum in October. The corn provisions of the new program are: The maximum corn acreage that may be planted under 1935 contract is 90 percent of the average for the two years 1932 and 1933 - the same base as was used in 1934. Individual signers may, if they wish, hold out of production anywhere from 10 to 30 percent of the two-year base average and receive corn benefit payments in proportion. For complying with the corn control provisions of the new contract, the individual signer will derive the following benefits: (1) a corn adjustment payment; (2) unrestricted use of the land shifted from corn production and (3) eligibility to participate in any government corn loan program that may be available in the fall of 1935. The corn adjustment payment will be made at the rate of 35 cents per bushel of yield estimated for the number of acres by which the corn land area is kept below the 1932-1933 average. This yield for basing payments will be the average yield determined by the Community Committee for all crop land in the farm which has been in corn at least once during the last five years. The change in yield basis removes the necessity for setting aside a definite tract of land on the farm as "contracted acres," as this designation has been dropped in the 1935 contract. In 1935, the withheld acres may be located on any part of the farm. The corn payment will be made in two installments; the first amounting to 15 cents per bushel on the estimated yield from the number of acres that are to be shifted from corn, to be paid as soon as the contract is accepted by the Secretary. The second installment, consisting of the remaining 20 cents per bushel, less the producer's pro rata share of local administrative expenses, will be made on or about January 1, 1936. The hog provisions are: The individual contract signer is to limit the number of hogs produced for market from 1935 litters to 90 percent of the adjusted average number produced from 1932 and 1933 litters. For complying with the new contract, the participating producer will receive a hog adjustment payment of $15 per head on the number of hogs represented by the 10 percent adjustment. One-half of this payment, that is, $7.50 per head, will be made upon acceptance of the contract by the Secretary of Agriculture. The final payment, less the contract signer's pro rata of the local administrative expenses, will be made on or about January 1, 1936. If producers participation in the 1935 program is about the same as in 1934, the total adjustment payments are expected to run between 150 million and 165 million dollars. The funds for this aggregate payment will be raised by means of processing taxes continued through one marketing year, beginning November 5, 1935, at approximately the current rate of $2.25 per hundredweight on hogs and 5 cents per bushel on corn. The 1933-34 emergency programs and the 1934 production adjustment program require the collection of processing taxes through two marketing years, ending November 4, 1935. In 1935, as in 1934, the corn-hog production adjustment program will be voluntary and will be carried out largely by the farmers themselves through their community committees and county control associations.

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SUGARCANE PURCHASE CONTRACT BASIS FOR BENEFIT PAYMENTS IN LOUISIANA

The Secretary of Agriculture has announced that the schedule of payments contained in the Louisiana Sugarcane Purchase Contract, as mutually agreed upon by the Louisiana processors and growers, will be used as a basis for determining benefit payments under the Sugarcane Adjustment Program. Benefit payments to Louisiana sugarcane growers for the 1934-35 crop will be the difference between the fair exchange value of cane, and the payments made by processors under the terms of this contract for standard cane. Benefit payments for the 1934 crop will be made upon the actual tonnage delivered, converted into terms of the equivalent tonnage of standard sugarcane, defined as cane from which normal juice containing from 11 to 12 percent sucrose is obtained. A grower-processor committee is to be comprised of three representatives of independent cane growers and three representatives of sugarcane processors, with a chairman to be appointed by the Secretary of Agriculture. This committee is authorized to check the standardization and accuracy of apparatus and to establish methods of sampling and analysis for sucrose determination. Payments to growers for cane are to be based on sucrose content and on quotations on raw sugar on the New Orleans Rice and Sugar Exchange.

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FLAXSEED MARKETING ON OIL BASIS CONSIDERED

An informal conference to discuss the possibility of marketing flaxseed on the basis of its oil content and quality has been called for November 22 and 23 at Chicago, Ill., the Agricultural Adjustment Administration announced. Study of this subject is provided for in Article XII of the code for the linseed oil industry. Any action resulting from the coming conference would not apply to the present crop, but would refer to future production. Marketing flaxseed on the basis of oil content and quality would be comparable to marketing wheat on protein content, or dairy products on fat content. Technical and administrative problems arising in connection with flaxseed marketing on the oil basis will be presented at the Chicago meeting by representatives of various groups attending.

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BEET SUGAR ORDER COMPLETES MARKETING ALLOTMENTS FOR U.S.

Allotments to beet sugar processors of the entire 1934 beet sugar marketing quota, amounting to 1,556,166, tons, were announced by the Agricultural Adjustment Administration. The allotments have been ordered by Secretary of Agriculture in Continental United States Beet Sugar Order No. 3, which adjusts upward the initial allotments to several processors from the unallotted reserve set up for this purpose, and pro rates the remainder of the reserve among all beet sugar processors. Revisions from the unallotted reserve are expressed in 100-pound bags of refined sugar. The original allotments totalled 28,639,164 bags and the unallotted reserve set aside for adjustments and revisions totalled 448,036 bags. Processors are forbidden by the Secretary's order to market sugar in excess of the allotments made.

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FOREIGN SUGAR IN WAREHOUSES MAY BE CONSIDERED IN 1934 QUOTA

The Agricultural Adjustment Administration announced that Cuban and other foreign sugars remaining in bonded warehouses in the United States on December 31, 1934 may be counted as part of the 1934 quota even if payment of duty has not been made by that date, provided the 1934 quotas for countries of origin of such sugars have not been exhausted at that time by admission of duty paid sugars. This would not increase the amount of foreign sugars available for the United States market in 1934.

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APPROVE PEANUT PLAN; PAYMENTS MODIFIED

The form of the adjustment contract to be offered to peanut producers in connection with the adjustment program has been officially approved by the Secretary of Agriculture. It is planned to offer contracts to producers early in December. The program is designed to bring the peanut supply into line with consumption by diverting a portion of the 1934 crop into oil, or feed for livestock, and by limiting acreage in 1935. The contract requires that the acreage planted to peanuts in 1935 be not more than 90 percent of the acreage planted in 1933; more than 90 percent of the acreage planted in 1934; or more than the average acreage planted in 1933 and 1934. Payments to producers for acreage adjustment in 1935 will be calculated according to the quantity of peanuts harvested in 1934 at the rate of $8 per ton. This payment, however, shall not be less than $2 an acre of the allotted peanut acreage on a farm covered by a contract. The benefit payments will be made on the entire 1934 harvested crop of contract signers, regardless of the use to which the peanuts are put. The contract provides for division of payments with share-tenants and croppers. A contracting producer will be given an opportunity to divert any part of his 1934 crop to use as feed or in the manufacture of oil up to 20 percent of his harvested crop. The diversion would be optional and would consist of selling peanuts to a peanut oil manufacturer who agrees in writing to use such peanuts for oil; baling peanuts on the vine and using them for feed; or baling peanuts on the vine and selling them for feed to an agency approved by the Secretary of Agriculture. Payments to farmers for diversion will be at the rate of $20 a ton for Virginia type peanuts; $15 a ton for Spanish and $10 a ton for Runner type peanuts. These payments should enable growers to divert profitably a portion of their crop from the higher-priced shelled goods trade to the oil mills if the farm price should fall below the current average price. Diversion payments direct to contract growers, as well as the benefit payments for acreage adjustment, will be made after compliance is established in 1935. Similar diversion payments to oil millers are being made to encourage the use of farmers' stock peanuts in the manufacture of peanut oil. The payments originally were at the rate of $16 a ton for Virginias; $12 a ton for Spanish and $8 a ton for Runners, but under a modification order effective December 1, 1934, the rate of payment for Spanish type peanuts was reduced to $10 a ton and the rate of payment on Runners to $6 a ton. No change was made in the rate of payment on Virginias as the oil content of this type of peanut is slightly less than was anticipated before the marketing season. Payments made to oil manufacturers are passed on by them to peanut producers in the form of higher prices for farmers' stock peanuts.

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AMENDED MILK LICENSE FOR OMAHA-COUNCIL BLUFFS

An amended license which slightly increases the prices to producers for Class 3 milk and makes other changes in the terms of the milk license for Omaha-Council Bluffs became effective on November 16. The Class 3 price defined in the amended license has the effect of increasing the price to producers about 3½ cents per 100 pounds, f.o.b. the sales area. Class 3 milk is scarce on the market and very little is used for butter manufacture. Restrictions on new producers, with the provision that they be required to take Class 3 price for all their milk, have been removed entirely because of a widespread shortage in the available supply for this area. Producer-distributors are exempted from accounting to the pool for milk up to established base amounts. Milk which they sell in bulk to other distributors must be accounted for to the pool at Class 3 prices, and the buyer of the milk must pay the pool the difference between the Class 3 price and the price for which it is sold, if higher. To take care of delays in settling the distributors' adjustment fund, the administrator may set up a reserve fund, based on volume of sale, from the blended prices paid producers.

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FLORIDA MILK LICENSES HAVE HEARINGS

Notices of hearings have been issued by the Agricultural Adjustment Administration for proposed milk licenses for the sales area of Jacksonville, Miami, and Tampa, Florida, as follows: At Jacksonville, on November 20, in the Mayflower Hotel; At Miami on November 23, in the Edison High School; and at Tampa on November 26, in the Tampa Terrace Hotel. The proposed licenses for all three markets are drafted on the base and surplus plan. No minimum resale prices are named in the proposed licenses, and prices to producers, f.o.b. the sales area, will be determined at the hearings. The respective markets are now under the control of the State Milk Control Board, but it is felt desirable by officials that hearings on a proposed Federal milk license be held in each market to determine in what manner such State control may be made more effective with the assistance of the Federal authority, inasmuch as there is considerable interstate shipment of milk and cream during a large part of the year on the markets in question.

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MILK LICENSE AMENDED FOR LINCOLN, NEB., AREA

An amended milk license for the sales area of Lincoln, Neb., was signed by the Secretary of Agriculture to become effective on November 16. No changes in any of the scheduled prices to producers or minimum resale prices to consumers are contained in the amended license. Deductions from payments to producers for market administrator's expenses have been reduced from 2 cents per 100 pounds of milk to 1 cent, and similar deductions to provide market services to producers not members of the cooperative association have been increased from 3 cents per 100 pounds of milk to 4 cents. Class 3 milk prices on the Lincoln market under the license as amended, are now as follows: The average price per pound of 90 score centralized carlot butter, plus or minus at the rate of one-fourth of one cent for each one cent that the butter price is above or below 20 cents per pound plus 4 cents per pound of butterfat.

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CLASS 1 MILK PRICE REDUCED AT ST LOUIS

The existing license for the St. Louis milk sales area has been amended to reduce the price to producers on Class 1 milk from $2.35 to $2 per 100 pounds f.o.b. the distributors' plants, and to change the method of paying producers from a base-surplus plan to a single pool price for all milk. These changes, together with a new definition of the sales area which reduces the territory, will go into effect on November 16. Studies of the market indicate that sales of Class 1 milk in the area for August and September were 44 percent of total deliveries, as compared with 50 to 60 percent at the same time a year ago. A provision that new producers coming on the market must accept Class 3 price for all their milk during the first 90 days, has been reinserted into the license. The change to a pool plan without base-surplus method of payment was requested by the Sanitary Milk Producers Inc., as a result of their mail ballot in which 6,100 producers participated , and in which 64 percent favored using a blended price for the supply as a whole.

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GUM TURPENTINE AND GUM ROSIN HEARING TO AMEND LICENSE

A public hearing on a proposed amendment to the amended license for gum turpentine and gum rosin processors will be held in Jacksonville, Fla. , on November 26, it was announced. The proposed amendment in addition to setting aside 3 percent of the year's crop of gum turpentine and gum rosin for distribution to new processors, provides that the Control Committee shall set aside an equalization allowance or not more than 5 percent of the crop set for 1935, or 22,500 units, to be distributed among processors who are found to be inequitably dealt with under application of quotas.

WHEAT PAYMENTS IN 1934
TOTAL $49,871,589

Wheat benefit payments totalling $49,871,589, representing approximately half of the sums due in 1934 to growers cooperating in the Agricultural Adjustment Administration's wheat program, have been paid to date. The payments consist of $13,232,716, representing approximately half of the amount due on the second installment on the 1933 payment of 9 cents per bushel of allotment, less local county costs, and $36,638,873, representing approximately half of the amount due on the first payment on the 1934 crop of 20 cents a bushel of allotment. In addition to these payments, growers have already received $67,855,756, on the first 1933 installment, making total payments to growers in the wheat program to date of $117,727,345. The remaining 1934 payments are continuing to go to growers steadily, as compliance certificates are received in Washington and audited. On approximately 577,000 contracts signed by growers, more than 521,000 compliance certificates have been received to date. It is just a year since the first checks went to farmers in the Agricultural Adjustment Administration wheat program. In this year, the payments which have actually gone to growers averaged more than $200 per contract. These wheat benefits have been supplementary to the income farmers have received from the sale of their crops, and in areas where drought has prevailed, wheat benefits have been a material factor in providing partial insurance against drought losses. In addition to the benefits actually paid to date, growers are to receive approximately 75 million dollars more on their 1933 and 1934 crops with this amount including unpaid sums on payments now due, and the second installment on the 1934 crop, which will be payable next season. Cooperating growers will also receive whatever adjustment payments are determined upon for the 1935 crop, which is the last crop to be produced under the present contract.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, November 8 November 24, 1934

BANKHEAD ACT VOTE DECEMBER 14

The Agricultural Adjustment Administration announced that the referendum on whether the Bankhead Cotton Control Act shall be continued into the 1935 season, will be held throughout the Cotton Belt on Friday, December 14. The hours of voting, previously announced as from 8 a.m. until 6 p.m., have been changed to from 9 a.m. to 5 p.m. Printed ballots and regulations governing the referendum are now being sent to the voting area. The question which will be submitted to eligible voters, defined in the Act as those "persons who have the legal or equitable right as owner, tenant, share-cropper or otherwise to produce cotton on any cotton farm, or part thereof, in the United States for the crop year 1935-36", is as follows: "Are you in favor of continuing the Bankhead Act for next year (June 1, 1935, to May 31, 1936?" A statement that will be given each voter along with his ballot, defines the Adjustment Administration's impartial attitude in the referendum, urging to "examine carefully all the facts and reach a decision based upon considered judgment as to whether the Bankhead Act is needed to assure attainment of the objectives of the cotton adjustment program."

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COORDINATE FEED DISTRIBUTION PLANS

Coordination of plans to facilitate the best possible distribution of feed supplies to drought areas through existing commercial and industrial channels, was announced by the President's Drought Relief Committee. The functions of each governmental agency in meeting the feed situation in the drought feed program are: Agricultural Adjustment Administration and U. S. Department of Agriculture: (1) Location of feed supplies through the Kansas City Livestock Feed Agency, and maintenance of a broad information and market news service as to availability and prices of such supplies. (2) Information as to most economical transportation of feeds, and best methods of utilizing substitute feeds. Farm Credit Administration: (1) Extension of regular credit to farmers for feed purchases through commercial channels, such credit to be supplied through the Production Credit Associations in the case of farmers with suitable collateral. (2) Extension of "extraordinary" credit to farmers from funds made available through the emergency appropriation, for the maintenance of livestock, in the case of producers not in a position to avail themselves of commercial credit, or of Production Credit Loans. Federal Emergency Relief Administration: (1) Provision of funds to farmers for purchase of feed to maintain subsistence livestock in the case of farm families eligible for relief. In this instance, funds for feed purchases are limited to the amount necessary to provide feed for subsistence of 10 livestock units.

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CORN-HOG GROWERS TO RECEIVE 92 MILLION DOLLARS

Disbursement of the second installment checks, totaling approximately 92 million dollars, to producers cooperating in the 1934 corn-hog adjustment program will be made in the immediate future, it has been announced by the Agricultural Adjustment Administration. Compliance certificates on about 450,000 out of the total of about 1,150,000 contracts have been received in Washington. The contracts will be paid in the order of arrival of the compliance certificates. Payments of the first installment checks, by states, through November 14 were: Alabama, $196,848; Arizona, $20,869; Arkansas, $463,527; California, $813,664; Colorado, $941,096; Connecticut, $20.921; Delaware, $14,949; Florida, $126,463; Georgia, $69,445, Idaho, $454,890; Illinois, $16,417,579; Indiana, $10,316,729; Iowa, $30,930,530; Kansas, $6,956,743; Kentucky, $1,666,024; Louisiana, $13,235; Maryland, $220,001; Massachusetts, $185,081; Michigan, $1,344,436; Minnesota, $8,833,085; Mississippi, $28,967; Missouri, $10,646,129; Montana, $224,189; Nebraska, $12,398,891; Nevada, $25,779; New Hampshire, $10,103; New Jersey, $112,474; New Mexico, $170,820; New York, $101,221; North Carolina, $268,802; North Dakota, $1,261,405; Ohio, $7,299,195; Oklahoma, $1,986,216; Oregon, $286,263; Pennsylvania, $166,543; Rhode Island, $2,140; South Carolina, $122,442; South Dakota, $5,832,367; Tennessee, $1,421,226; Texas, $1,872,670; Utah, $84,813; Vermont, $25,015; Virginia, $670,421; Washington, $317,925; West Virginia, $113,231; Wisconsin, $3,343,333; Wyoming, $177,512.

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HEARING ON AGREEMENT FOR TEXAS-MISSISSIPPI TOMATOES

A series of public hearings on a proposed marketing agreement on tomatoes grown in Texas and Mississippi is to be held at Crystal Springs, Miss., on Nov. 27; Jacksonville, Texas, on Dec. 3; Yoakum, Texas, on Dec. 5; and at Harlingen, Texas, on Dec. 7. The agreement as prepared for hearing seeks to improve returns to growers by regulating shipments according to the demands of the market, by stabilizing price conditions within the industry, and through the adoption of United States grades as a basis for purchasing and handling tomatoes. Adjustment of market supplies would be accomplished through one or more alternative methods of prorating shipments; or through adjustment of supplies to the basis of a volume to be shipped during any specified period of time. The agreement, as prepared, also includes a provision under which shippers will agree to purchase and handle tomatoes on the basis of inspection by the Federal-State Inspection Service. Provision is made also for shippers to post selling prices. A control committee of 18 members is provided for, 9 from each State.

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PUBLIC HEARINGS ON SOUTHEASTERN POTATOES

A series of three hearings on a proposed amended marketing agreement and amended license for potatoes grown in North Carolina south of Albemarle Sound, in South Carolina, in Georgia, and in Florida, will be held at Hastings, Fla., on Dec. 7; at Washington, N. C., on Dec. 3; and at Meggetts, S. C., on Dec. 5. This area is included in the southeastern potato agreement effective for the area north of Albemarle Sound. Because of the lateness of the season when the agreement was approved by the Secretary it was made effective only for the districts still marketing and a license was issued only to those districts.

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50 COOPERATIVE GROUPS SPONSOR MILK LICENSES

A total of 50 different producers' cooperative associations, engaged in selling milk or bargaining for the sale of milk for their members, have joined in the original requests for the existing 46 Federal fluid milk licenses, excluding those at New Orleans, San Diego, Calif., and Philadelphia. Twenty of the cooperative associations of producers are affiliated with the National Cooperative Milk Producers Federation. The Michigan Milk Producers Association is represented on 10 different markets under Federal licenses, and the New England Milk Producers Association is represented on five different licensed markets. A number of other cooperatives and groups of independent producers, as well as some distributors' units, supported the licenses at the hearings and have aided in administering the licenses when they were made effective.

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LOUISIANA SUGARCANE BENEFIT PAYMENT CONTRACT APPROVED

Under the sugarcane production-adjustment contract, which will be offered to Louisiana sugarcane producers, cooperating Louisiana growers are expected to receive 1934 benefit payments of approximately 6 million dollars in addition to the market return from their 1934 crop. The contract is for 1934 and 1935 and may be extended to 1936. The sugarcane adjustment program seeks to maintain production of Louisiana sugarcane sufficient to produce 215,000 tons of sugar, the share of Louisiana in the 260,000 tons allotted to domestic sugarcane producers under the Jones-Costigan Amendment to the Agricultural Adjustment Act. Benefit payments for 1934 are to be in two installments with the first payment of $1 a ton on the base production of the farm except where it is estimated that the actual production will be less. The final 1934 payment will be made next year after proof of contract compliance has been made. Payments for 1935 are to be in two installments, also. The first payment, due after growers have submitted proof of compliance with the contract, will not be less than 50 cents a ton on the base production of the producer, except where it is estimated that actual production will be less. The second payment will be in sufficient amount to give the producer a parity return on his actual production, so long as it does not exceed his production allotment. Benefit payments are also to be made in 1936 if the program is extended to that year.

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TERMINAL GRAIN ELEVATORS UNDER GRAIN EXCHANGE CODE

The terminal grain elevator industry has been placed under a code of fair competition through being designated as a sub-division under the code for the grain exchanges. The order covering the action has been approved by the National Recovery Administration and signed by the Secretary of Agriculture. It was determined to be more feasible to place the terminal elevator industry under the grain-exchange code than to have a separate code for the terminal industry, since practically all terminal-elevator industry members are also members of grain exchanges and are thus automatically governed by the terms of the grain-exchange code. The order, which will become effective December 10, 1934, will tend to broaden the labor provisions of the grain-exchange code to cover terminal-elevator labor. The proposal was sponsored by the Terminal Elevator Grain Merchants Association, representing approximately 80 percent of the terminal-elevator storage space of the country and more than 50 percent of the number of terminal-elevator operators.

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PUERTO RICO SUGAR QUOTA FOR 1934 HAS BEEN REACHED

The Agricultural Adjustment Administration announced Nov. 21 that the quota of 802,842 tons (raw value) for imports of sugar from Puerto Rico for consumption for the current calendar year had been reached. The quota was nearly filled by July 25, 1934 when allotments to processors were made. Arrivals since that date consisted solely of small balances remaining under the allotments of certain processors. No more Puerto Rican sugar can enter the United States during the current calendar year unless it is stored under bond in accordance with special regulations of the Agricultural Adjustment Administration.

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TOBACCO PRODUCERS TO VOTE ON KERR-SMITH ACT

Persons who own, rent, share-crop or control land customarily engaged in the production of flue-cured, Burley, Fire-cured and dark air-cured tobacco will be given an opportunity to vote in December on the question of continuance of the Kerr-Smith Tobacco Act in 1935. The Act in effect imposes a tax upon production not under adjustment contracts ,since the Secretary is authorized to issue tax-payment warrants to growers who have entered into adjustment contracts and to growers for whom no equitable provision could be made under this contract. The basis for a referendum is contained in the Act itself, which specifies that before the ad valorem tax may be levied for the crop year 1935-1936, it must be determined that the persons who own, rent, share-crop or control three-fourths of the land customarily engaged in the production of any type of tobacco, favor the levy of the tax thereon. The time and place for voting will be given general publicity and county agents will mail notices to all eligible voters whose names and addresses are available. Information as to how any person votes is to be confidential. December 15 is fixed as the final date on which ballots will be received throughout the voting area, and Administration officials hope to be able to announce the results by December 20. Growers will have an opportunity to sign contracts for 1935. Both contracting and non-contracting growers will have an opportunity to vote. More than 90 percent of growers producing tobacco this year are under contract.

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PHOENIX, ARIZ. MILK LICENSE AMENDMENT

Because the rise in the butter market on the Phoenix, Ariz., milk sales area operates to produce a price for Class 2 milk nearly the same as the present Class 1 price of 50 cents per pound of butterfat, a change was made in the Class 2 price from the basis of Los Angeles 92 score butter plus 20 percent plus 10 cents, to a straight 40 cents per pound of butterfat, by means of an amendment to the existing license. The amendment became effective Nov. 21.

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NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 9 December 1, 1934

BENEFIT PAYMENTS NOW EXCEED 421 MILLION

The cumulative total of rental and benefit payments received by farmers participating in the wheat, cotton, tobacco and corn-hog adjustment programs of the Agricultural Adjustment Administration reached $421,697,389 up to November 1. In addition, disbursements of $169,389,731 were made for removal of surplus agricultural commodities. Of this sum approximately $139,381,000 was in direct payments to farmers for hogs, drought cattle and sheep. Of the rental and benefit payments paid, wheat farmers received $108,669,557; cotton growers, $166,786,379; corn-hog producers, $129,668,799; and tobacco growers, $16,572,652. Processing and related taxes collected up to November 1, totaled $550,081,419 and included the following: wheat, $158,328,178; cotton $178,608,763; tobacco, $27,595,345; corn, $7,029,938; hogs, $145,034,586; paper and jute, $10,901,615; sugar, $21,-646,684; peanuts, $363; cotton ginning tax (under Bankhead Act) $21,605; tobacco sales tax (under Kerr-Smith Act) $269,065; and unclassified, $645,173.

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PHILIPPINE SUGAR ADJUSTMENT PROGRAM

The sugar-cane production adjustment contract under which planters in the Philippine Islands will be offered payments aggregating approximately 14 million dollars in consideration for adjusting their production of sugar for the next two crops, has been approved by the Secretary of Agriculture. Reduction in Philippine sugar production has been made necessary by the quotas established for sugar importations in the United States from the insular areas and foreign countries under the authority of the Jones-Costigan amendment to the Agricultural Adjustment Act. The funds to finance the payments to producers participating in the program will be derived from processing taxes on sugar from the Philippines. The production adjustment contract for the Philippines is designed to reduce the 1934-35 crop, which, without restriction, would be approximately 1,550,000 tons of sugar, to approximately 827,000 tons, which total will allow 114,000 tons for insular domestic consumption for the coming year, provide a reserve of approximately 100,000 tons, and allow shipments in 1935 to the continental United States of approximately 615,000 tons. At the same time, assuming that the 1936 quota and insular domestic consumption will be the same, planters in the Islands will be able to produce a crop for 1935-36 of approximately 1,127,000 tons, this total including 112,000 tons for insular consumption. It was pointed out that although the proposed reduction may be regarded as drastic, it is an adjustment which Philippine planters would necessarily have to effect under the Tydings-McDuffie Act, also known as the Philippine Independence Act. When it becomes effective, this Act will limit their duty-free exports of sugar to the United States to about 956,000 short tons annually. Through cooperation in the adjustment program now being offered them, Philippine planters, because of the benefit payments, will be able to make the transition to the lower level of production required by the Philippine Independence Act.

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HEARING ON REGIONAL LIVE POULTRY CODE

A public hearing on a proposed code of fair competition for the live poultry industry of the metropolitan area of Philadelphia, the State of New Jersey, and the metropolitan areas of Boston and Providence, will be held at the Hotel New Yorker, New York City, on December 7. The proposed code contains provisions concerning destructive price-cutting practices, excessive feeding of poultry, inedible products, improper weighing, misrepresentation of produce, giving of free services, inspection provisions, false advertising, rebates, commercial bribery, price discrimination, and unloading delays. The proposed code provides for a regional code authority of three members, one from the metropolitan area of Philadelphia, one from the State of New Jersey, and one from the combined metropolitan areas of Boston and Providence. There is also a provision for a local code authority for each of the three areas.

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CITRUS AGREEMENT SENT TO FLORIDA GROWERS

Fifteen thousand copies of the tentatively approved marketing agreement for the Florida citrus industry have been mailed to growers of Florida citrus fruits for signature. The decision to mail the agreement was reached after petitions had been received from growers, representing the production of approximately 8 million boxes of citrus fruit, requesting that they be given opportunity to sign the marketing agreement in order that it might become effective. A letter accompanying each copy of the agreement explains that the agreement seeks to stabilize marketing conditions and improve returns to Florida citrus growers. Under its provisions growers could regulate shipments of fruit to improve prices. The agreement would be administered by a committee of 13, made up of 7 growers and 6 shippers. Similar agreements are in effect in the citrus-producing areas of Texas, and Arizona and California, and a similar agreement for Puerto Rico citrus has been tentatively approved. The date on which the agreement can be made effective will depend upon the extent to which growers support the program and upon the promptness with which Florida citrus growers return signed agreements to the Agricultural Adjustment Administration.

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PHILIPPINE SUGAR PACT TENTATIVELY APPROVED

A marketing agreement for sugar produced in the Philippine Islands, under consideration for several months, has been tentatively approved and sent to millers, refiners, and handlers of sugar in the islands for signature. The agreement is applicable to the 1934-35 crop and to subsequent crops which may be produced in the Islands during the time the Agricultural Adjustment Act is in force. The marketing agreement, drafted after public hearing in the Islands, provides for alloting among processors and handlers of sugar in the Philippines the quota established under authority of the Costigan-Jones sugar legislation. Thus the agreement provides means whereby the sugar industry in that area may cooperate with the Agricultural Adjustment Administration in making the necessary fundamental sugar production adjustments. Under the proposed agreement, the contracting millers, refiners, and handlers also agree not to ship to the United States any sugar between October 16, 1934 and December 31, 1934. This provision seeks to prevent accumulation of sugars from the Philippines at United States ports in the first part of 1935. Millers, refiners, and handlers, who may be signatory to the proposed agreement, agree to abide by allotments to be established agree to mill and handle only cane or sugar which has been produced in accordance with allotments; agree to keep uniform records; and to assist in the administration of the agreement.

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1934 COTTON PAYMENTS NEAR 76 MILLION

Payments to producers cooperating in the 1934 cotton adjustment program totaled $75,969,192 on November 22, the Agricultural Adjustment Administration announced. The cotton rental payments were divided into two equal instalments, with the second payment being made only after compliance with the acreage adjustment contract had been established. The first rental payment, which has virtually been completed, totaled $43,449,757 and the second rental payment amounted to $32,519,435. In addition to these rental payments, cotton producers also will be paid a total of approximately 28 million dollars in "parity" payments. This payment will be calculated on the basis of one cent a pound on the estimated share of each farmer's average past production which enters domestic consumption. It had previously been planned to combine this payment with the second instalment of the rental payment but this has been abandoned in an effort to complete the rental payments as rapidly as possible. When all payments, including both rental payments and the "parity" payments have been completed, the total of 1934 payments is expected to approximate 117 million dollars. Total payments already made by states in the 1934 cotton program are: Alabama, $6,-862,783; Arizona, $531,621; Arkansas, $7,001,433; California, $537,929; Florida, $180,676; Georgia, $6,538,812; Kentucky, $26,802; Louisiana, $3,908,285; Mississippi, $7,233,603; Missouri, $838,440; New Mexico, $406,057; North Carolina, $3,224,579; Oklahoma, $4,792,344; South Carolina, $4,698,101; Tennessee, $2,166,-322; Texas, $22,078,043; Virginia, $145,049.

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MAY BEGIN MEASURING WINTER WHEAT PLANTINGS

Measurement of winter wheat plantings for the 1935 crop may be made during the coming winter in order to facilitate early payment of the second 1934 benefit payments and to allow the county wheat production control associations to do this work at the most advantageous time for them, the wheat section of the Agricultural Adjustment Administration announced. This part of the task of checking compliance for 1935 on wheat contracts will be done by the county associations. Wheat fields will be actually measured and maps and records completed for farms under contract. This measurement will indicate whether there is any unintentional overplanting, and will give the farmer plenty of opportunity to comply with his contract. The time of beginning the early measurement is optional with the counties and states. State compliance agents will notify counties when measurement work may be started. The work, for which forms and materials are now being prepared, may be done in the main winter-wheat states such as Oklahoma and Texas; in the soft winter-wheat belt in such states as Illinois, Ohio, and Indiana, and in the East in such states as Maryland and Virginia. If any farmer increases his plantings after his fields have been measured, a new measurement will be necessary and will be at the expense of the farmer. The cost of the general measurement will be paid by the county associations.

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HIGHER MILK PRICE IN EVANSVILLE LICENSE

Increased prices to producers to meet higher production costs, increased deductions for the supervision of the market, and a general revision of the license to strengthen and clarify its terms are included in an amended license for the milk sales area of Evansville, Ind., which went into effect November 25. The amended license defines Class 1 prices to producers, f.o.b. the city plants, as 53 cents per pound of butterfat in the milk instead of the former price of 48 cents. This new price for Class 1 milk is approximately $2.01 per 100 pounds of 3.8 percent milk, or about 4.3 cents per quart delivered to the city, whereas the former price was about $1.82. The Class 2 price has also been advanced from 38 cents per pound of butterfat in milk to 43 cents per pound.

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1935 COTTON PLAN PROVIDES FOR INCREASE

A reduction of 25 percent from the base acreage of cooperating cotton producers for 1935, as compared with the 40 percent reduction in 1934, was announced by the Secretary of Agriculture and the Administrator of the Agricultural Adjustment Act. Acting under the terms of the 1934 and 1935 cotton-acreage adjustment contract, which provides that the maximum rate of reduction that can be required in 1935 is "to reduce the acreage planted to cotton on this farm by an amount not to exceed 25 percent below the base acreage", the Secretary of Agriculture signed a proclamation making effective for 1935 the approximately 1,004,000 two-year contracts signed during the early part of 1934. It also was announced that new 1-year contracts for 1935 will be offered those producers who did not sign the 2-year contract. It is expected that new contracts will be available soon and that they may be signed and accepted by March 1, 1935. The basis of payment for the 1935 program is 3½ cents per pound "on the average yield of lint cotton per acre for this farm for the years 1928-1932 with a maximum rental of $18 per acre" for the acres rented under the contract, and a "parity payment" of 1¼ cents per pound on the farm allotment. The farm allotment, which is the equivalent of 40 percent of the farm's average production for the base period, represents that percentage of production which ordinarily moves into domestic consumption. For the current crop year, 1934, the basis of payment was 3½ cents per pound as rental and a parity payment of 1 cent per pound. It is pointed out that the rate of reduction would permit an expansion of about 25 percent of the acreage planted by contracting producers over the acreage planted in 1934. The total amount of rental and benefit payments which will be disbursed under the program is estimated at $94,230,000. The program will be financed by the processing tax of 4.2 cents per pound on raw cotton. Producers who desire to do so will be permitted to reduce acreage up to and including 30 percent and receive payment therefor. On the basis of current trends in cotton production and average weather conditions, it would not be unreasonable to expect a crop somewhat above 12 million bales with the 25 percent reduction, but without the Bankhead Cotton Control Act in effect for 1935, total production would be greater and probably would result in a crop of slightly above 13 million bales. World supplies of American cotton are now indicated at 20,200,000 bales for the 1934-1935 crop year. This figure is in line with past averages of world supplies of American cotton. With foreign and domestic consumption of American cotton during the current year assumed to be 11 to 12 million bales, the indicated carry-over on August 1, 1935 would be between 8 and 9 million bales, which is higher than a normal carry-over. A total production of about 12 million bales in 1935, would result in a world supply of American cotton for the 1935-1936 season of about 20 to 21 million bales, which might result in some increase over current supplies in spite of the maximum adjustment under the terms of the contract. The average farm price for cotton for the year ending July 31, 1934, was 9.7 cents per pound. The parity price of cotton is at present 15.6 cents per pound.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 10 December 8, 1934

ACREAGE ESTIMATES IN 1935 COTTON PLAN

Cotton producers signatory to adjustment contracts will rent 9,802,000 acres to the Secretary of Agriculture in connection with the 1935 cotton program provided a reduction of 25 percent from the base acreage of contract signers is secured next year, the Agricultural Adjustment Administration estimated. The base acreage covered by the 1,004,000 two-year adjustment contracts which were signed early in 1934 is approximately 38,210,000 acres. These contracts, which already have been declared effective for 1935, brought about this year a 40 percent reduction in the base acreage of contract signers. The 25 percent reduction for 1935 is the maximum that may be asked under the contract for 1935. In addition to the contracts already in effect, new one-year contracts will be offered producers who did not sign the two-year contracts. It is estimated that under the offer of new contracts the base acreage will be increased by at least one million acres. This would bring the total base acreage of all contract signers to 39,210,000 acres. Contract signers will have the option of reducing their base acreage as much as 30 percent, and will receive payment accordingly. The optional reduction of an additional 5 percent is to permit more latitude in the arrangement of farm plans of individual producers. If a total of approximately 5 million acres is planted by non-contract signers this would place the total planted cotton acreage in 1935 at approximately 34,400,000 acres. The planted acreage in 1934 was 28 million acres.

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TOBACCO GROWERS GIVEN LIMITED SALES INCREASE

Under administrative rulings growers of fire-cured and dark air-cured tobacco who have signed production-adjustment contracts are permitted to sell tobacco in addition to their initial production allotments in amounts not exceeding 15 percent of their allotments, and Burley growers may sell not more than 10 percent over their allotments, if they agree to a reduction in the rate of the second adjustment payment. Unless sold under this ruling, contract signers are required to render unmerchantable any tobacco produced in excess of their production allotment. Contracting growers have been issued allotment cards by county agents on the basis of the initial allotment. However, field agents have been instructed to issue tax-payment warrants under the cards covering a quantity of tobacco not exceeding the percentage permitted in excess of the quantity shown on the allotment cards for the three types of tobacco. In the case of certain export grades of fire-cured and dark air-cured tobacco, the ruling will facilitate marketing tobacco that might not be marketed if growers were required to limit sales to their initial allotments. Since producers whose 1934 production exceed their allotments would probably hold their lowest grades off the market it is believed that a shortage of some export grades might result. Total sales of all Burley growers are not expected to exceed 250 million pounds, of which 200 million pounds will be sold by contracting producers. The remainder, which will be rendered unmerchantable, will consist chiefly of the lower grades of the crops of growers who signed contracts and whose production exceeds their allotments. World consumption of Burley is estimated at approximately 290 million pounds for the current marketing year.

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NEW DROUGHT CATTLE PLAN ANNOUNCED

A new plan for moving cattle from drought areas to areas where surpluses of feed are available was announced by the Agricultural Adjustment Administration. The plan is designed to assist producers in the western cattle country in disposing of cattle which they cannot feed during the winter, to farmers in other regions who have a surplus of feed and wish to purchase or feed cattle. The Government will not buy or sell cattle under this plan but will act merely as a clearing house of information to bring cattlemen and holders of feed together. At the same time, officials stated that the total allotment of Federal money to be spent in drought cattle purchases in the western states had been definitely fixed at $115,822,000, including purchases certified through November 27 which amount to $98,351,600, and are for 7,319,800 head. It is estimated that the total allotment will provide for purchase of 8,522,300 head of cattle, leaving something more than 1,200,000 head to be bought in areas where the feed situation is most acute. State and county directors have been advised to use the utmost care in selecting cattle and to make purchases only in counties where the situation is most acute and the livestock owners are in the most dire distress. The purpose of the new plan is to lessen the burden of feeding the cattle in the states where feed is scarce and at the same time to prevent too great a reduction in the cattle population of the country. A clearing house has been set up at Kansas City to handle requests from buyers and sellers of cattle. State extension officers and county agents in states where feed supplies are sufficient are notifying farmers in their respective territories of the plan, and will forward inquiries to the Kansas City clearing house. Amounts expended to November 27 in the drought states for government cattle purchases are: Arizona, $1,174,613; Arkansas, $1,108,974; California, $303,103; Colorado, $3,319,832; Idaho, $394,660; Illinois, $42,568; Iowa, $265,452; Kansas, $7,059,010; Louisiana, $312,388; Minnesota, $3,526,897; Missouri, $6,974,910; Montana, $4,721,140; Nebraska, $6,232,287; Nevada, $530,220; New Mexico, $5,931,356; North Dakota, $13,120,497; Oklahoma, $5,061,247; Oregon, $177,673; South Dakota; $12,495,504; Texas, $19,148,190; Utah, $1,431,066; Wisconsin, $864,610; Wyoming, $3,931,243.

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REPORT BALANCE IN CUBAN SUGAR QUOTA

Between January 1 and November 24 a total of 1,566,000 short tons of Cuban sugar had been withdrawn from bonded warehouses or imported for consumption, it was announced. This leaves a balance of approximately 336,000 short tons remaining on the 1934 Cuban sugar quota of 1,901,752 short tons, raw value, established under the Costigan-Jones Act. This balance of the quota consists entirely of raw sugar for further processing, since the direct-consumption sugar quota for Cuba was exhausted on October 26.

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HAWAIIAN SUGAR QUOTA REACHED

The quota for imports of sugar from the Territory of Hawaii for consumption for the current calendar year has been reached. The quota was established by the Secretary of Agriculture under the Jones-Costigan Act in June, 1934, and amounted to 916,550 short tons, raw value. The formal certification, dated November 30, was signed by the Secretary of Agriculture.

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ANNOUNCE PRICE POLICY ON SALE OF CONSERVED SEED

Supplemental seed stocks of adapted and superior varieties of grain held by the Agricultural Adjustment Administration as a seed conservation measure, will be distributed to producers in officially designated drought areas where seed deficits exist, at flat prices based on actual cost of the seed as grain, plus handling, cleaning and storage charges, it was announced. In accordance with this policy, the Administration announced the following sale prices to the farmer, for seed grain available to farmers from country distributing agencies during December and January: Spring wheat, Marquis and Ceres varieties, $1.35 per bushel; Durum wheat, all varieties, $1.60 per bushel; malting barley, all varieties, $1.35 per bushel; feed barley, Trebi variety, $1.10 per bushel; feed barley, west coast types, $1.20 per bushel; oats, white and yellow, early and mid-season varieties, 75 cents per bushel; oats, red, 80 cents per bushel; flax, $2.25 per bushel. As a result of the program to prevent the dissipation of specially adapted varieties of grain seeds through processing, mixing, and feeding, the Administration has acquired the following supplies of seeds: Spring wheat, 5,050,000 bushels; Durum wheat, 1,150,000 bushels; malting barley, 1,000,000 bushels; feed barley, 700,000 bushels; white and yellow oats, 8,000,000 bushels; red oats, 1,500,000 bushels; flax, 400,000 bushels. For sales made after the last day of each month following January, one cent per bushel per month will be added to cover storage charges. The seed stocks are now largely held in elevators in primary country distributing points throughout deficit areas, and movement of the stocks to final points of distribution will start as soon as allocations to drought counties have been made on the basis of needs as reported through consolidated orders and surveys of supplies made by county committees. Officials emphasized that the total amount of seed held by the Administration is small in comparison to the total requirements of the drought areas, probably not accounting for more than 50 percent of the deficit. The distribution agency is so organized that it can act as a clearing house for information to expedite the distribution of privately held seed supplies, and can notify the seed trade and seed handlers of the need for seeds, in order to encourage supplying of a material part of the deficit through regular commercial channels. Local elevators and seed houses approved by the county drought committees and placed under proper bond, will distribute the Government held seed to producers and will handle the receipts from sales.

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DUBUQUE, IOWA, MILK LICENSE APPROVED BY ADMINISTRATION

A license for the milk sales area of Dubuque, Iowa, with established prices to producers on the single blended pool price method of payment, and without any minimum resale prices to consumers, became effective December 5. The license was requested by the Dubuque Cooperative Dairy Marketing Association, a cooperative association of about 300 members. Distributors are required to pay producers the following prices, based on milk testing 3.5 percent betterfat, f.o.b. plants: Class 1 milk, used for direct consumption, bottled or bulk, $1.60 per 100 pounds or about 3.5 cents per quart delivered to plants; Class 2 milk, used for cream, 3-1/2 times the average wholesale price of Chicago wholesale 92 score butter, plus 20 percent, plus 20 cents per hundredweight; Class 3 milk, or excess above that used in the other classes, 3-1/2 times Chicago 92 score butter at wholesale plus 15 cents per hundred-weight. Previously, producers had been receiving about $1.20 per 100 for Class 1 milk and about $1.00 for Class 2 milk.

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OPTIONAL DIVERSION PAYMENTS ON VIRGINIA TYPE PEANUTS An optional offer to make payments at the rate of $18 a ton, under certain specified conditions, to any manufacturer of peanut oil who purchases Virginia type farmers' stock peanuts of the 1934 crop and diverts them from their normal commercial channels into oil was announced by the Secretary of Agriculture. To come under this optional offer, peanuts must be purchased during the period from November 21 to December 31, inclusive, and must be manufactured into oil during the period from November 27 to April 30, 1935, inclusive. The quantity of peanuts an individual oil manufacturer may purchase under this optional offer and the prices to be paid growers for such peanuts must be approved by the Secretary or his agent. Under the peanut adjustment program, payments are made to oil manufacturers on all 1934 farmers' stock peanuts purchased after October 1, 1934, and used for oil, except those purchased from contracting growers under regulations which enable the growers to receive diversion payments direct from the Agricultural Adjustment Administration. The payments made to oil manufacturers are passed on by them to peanut producers in the form of higher prices for 1934 farmers' stock peanuts. The optional offer of the Secretary does not revoke a prior offer of November 15 under which payments at the rate of $16 a ton would be made on all Virginia type peanuts purchased on or after October 1, and crushed into oil before January 1, 1935. This offer placed no limitation on the quantity of peanuts that may be purchased under it, and does not require agreement on prices to be paid producers. The new offer makes no change in the rates of payments made to manufacturers for the diversion during December of types of peanuts other than Virginia. These rates are $10 a ton for Spanish type peanuts and $6 a ton for Runner types. The optional offer on Virginia peanuts was made in conformity with the previous announcement of the Secretary that he reserve the right to make changes if oil prices should materially advance or if changes should be necessary in order to establish prices for farmers' stock peanuts above $56 a ton for Virginia types, $59 a ton for Spanish types and $50 a ton for Runner types. The reason for offering a higher rate of payment on the Virginia types is that the oil content of this type of peanut is less than that anticipated prior to the opening of the marketing season.

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TWO-BALE EXEMPTION IN BANKHEAD ACT SOUGHT Following a conference with Senator J. H. Bankhead, of Alabama, author of the Bankhead Cotton Control Act, the following statement was issued by the Secretary of Agriculture. "At the request of Senator Bankhead that certain points in connection with the Act be clarified before producers vote upon its continuance next December 14, announcement of the following is authorized: (1) The Agricultural Adjustment Administration will support an amendment to the Act at the coming session of Congress which will provide an exemption for the full amount of his base production to each producer who has an established base production of not more than two bales of cotton. This is requested by Senator Bankhead to remove any objection that the Bankhead Act, if effective for 1935, would cause a hardship upon those small producers who customarily produce two bales of cotton or less. (2) A decision will be expedited on specific plans to remove inequities in the bases of allotment to individual producers. These plans have been under consideration for some time and announcement of this decision will be made after conference with field workers and representative cotton producers. (3) The Agricultural Adjustment Administration has had under consideration in connection with all of its adjustment programs the development of an effective appeal system which permit a producer protesting a decision of his county committee to obtain a hearing and decision as to the true facts upon which his adjustment contract should be based. We have assured Senator Bankhead that this mechanism will be in operation in ample time to provide hearing and final determination of such appeals as may develop in connection with the Bankhead Act allotments for 1935, in the event the Act becomes effective."

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CHICAGO MILK LICENSE GETS AMENDMENTS

An amended license for the Chicago milk sales area designed to meet practical problems on that market, became effective December 2. It provides the following changes: (1) Reduction of the sales area to more practical limits; (2) Use of a double or percentage base-rating plan in relation to actual sales of milk in Classes 1 and 2 by distributors; (3) Use of four classes of milk sold by distributors instead of three, with the requirement that distributors buy Class 2 milk for their cream requirements from producers with established bases up to an amount equal to 35 percent of their Class 1 or fluid milk usage, if such milk is tendered by producers; (4) Allotment and revision of bases for members of the Pure Milk Association to be reserved for the association itself, leaving the market administrator to handle bases for new producers and non-members of the association in equitable manner, but with access to the records of the cooperative association provided; (5) New producers to receive base allotments on 80 percent of their production for the market, instead of being under probation at the Class 4 price for 90 days, as is often required under licenses; (6) Producers who have been delivering milk prior to 90 days before the effective date of the amended license, for whom bases have not been established, to be given bases by the market administrator equal to 90 percent of their average deliveries during the first three months, excepting May and June.

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GRAND RAPIDS CLASS 3 MILK PRICE CHANGED

A slight reduction in the Class 3 milk price which distributors are obligated to pay for milk, f.o.b. the city, went into effect on December 5 in an amendment to the license for the Grand Rapids, Michigan sales area. The change in the price determination for Class 3 milk was made at the request of agencies that are on the market, in order to bring the price payable for excess milk into closer relationship to the value of such milk for manufacturing purposes, and to facilitate the proper operation of the license. Through the amendment, the price payable by distributors for Class 3 milk is based on 3-1/2 times the average wholesale price of 92 score butter at Chicago, plus 15 percent. Previously the price was 25 percent over and above the Chicago butter market.

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DES MOINES MILK LICENSE AMENDED

An amended license for the Des Moines, Iowa, milk sales area, which changes the draft of the license to make it conform to the improved standard form, and which changes the relations of producer-distributors to the market pool, went into effect December 5. No changes are made in prices to producers, or in minimum resale prices, or in the plan of marketing milk and equalizing the payments to producers according to the actual sales of milk by classes.

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ELEVATOR CODE ORDER EFFECTIVE DECEMBER 24

The effective date of the order placing the terminal grain elevator industry under a code of fair competition by designating the industry as a sub-division under the code for the grain exchanges has been advanced from December 10 to December 24, because of the necessity of slight technical changes in the form of the order, which has been approved by the National Recovery Administration and signed by the Secretary of Agriculture. Objections to the order may be filed up to December 24.

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COLLECT REFUNDS FOR DETROIT MILK PRODUCERS

Through the field investigation section of the Agricultural Adjustment Administration in the Detroit Mich., milk sales area, approximately $106,000 has been collected from distributors in compliance with the old milk license, and this amount is now available for refund to milk producers in the Detroit area. The distribution will be made only to those producers who have supplied milk to distributors who complied with the provisions of the milk license. The amount collected is in the custody of the Detroit Dairy and Food Council and represents an excess over the amount required for equilization during the period of the old license, September 1, 1933, to April 1, 1934. Payment to producers will be made on the basis of the quantity of milk individually delivered during the period. Accountants of the field investigation section are now computing the amounts due to individual producers. Approximately 10,000 producers will be benefited, and efforts are being made to complete the distribution before Christmas.

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CERTIFICATE POOL REOPENED FOR 10 DAYS

The surplus cotton tax-exemption certificate pool has been reopened for 10 days from December 6, to permit the surrender of only such surplus certificates as were received by producers from state allotment board-after November 28. The pool, formed to facilitate the transfer of cotton tax-exemption certificates under the Bankhead Act, was closed to the surrender of certificates on November 28. Since that date, some producers have received their final allotment of certificates and in order to be fair to these growers the pool was ordered reopend. The closing date for surrender of certificates under the 10-day re-opening is December 15. Certificates may be purchased from the pool after that date, however, as this phase of its operations will be continued so long as warranted by demand. The funds received from the sale of certificates at the standard rate of four cents a pound will be distributed, after the pool's operating expenses are deducted, among owners of surplus certificates who have surrendered them to the pool for sale. The distribution will be on the basis of approximately $20 a bale for certificates sold. When the pool is closed, each producer will be returned his pro rata share of any certificates the pool does not sell. These may be exchanged by the producer for 1935 tax-exemption certificates in excess of his regular allotment of such certificates in the event the Bankhead Act is made effective for next year.

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CLASS 1 MILK PRICE LOWERED IN DETROIT

A decrease of 15 cents per 100 pounds of 3.5 percent milk to be paid by distributors for the quantities they use in Class 1 sales went into effect on December 6 in the Detroit, Mich., milk sales area through an amendment to the license. No changes are made in the scheduled prices for Classes 2 and 3 milk as defined in the license. The amendment reduces the price for Class 1 milk, f.o.b. the distributors' plants, in the area from $2.40 to $2.25 per 100 pounds. The change was made upon recommendation of the Detroit Milk Industry Board, a local market advisory body of producers, distributors and the public, appointed by the Secretary of Agriculture.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 11 December 15, 1934

WANT POTATOES BASIC COMMODITY

A growers' committee for development of a potato-adjustment program has submitted to the Agricultural Adjustment Administration three optional plans designed to improve the economic position of potato growers. Two of these plans would require that potatoes be declared a basic commodity by amendment to the Agricultural Adjustment Act, and would provide for acreage adjustment, while the third would set up allotments to individual growers under a marketing agreement and license. The committee represents the growers of the various potato-producing areas along the Eastern Seaboard. It submitted the optional plans with the request that the Administration and the Department of Agriculture work out the details, with an analysis of the probable effect of each plan on the industry. The committee will meet later to consider these analyses. States represented by the committee included New York, New Jersey, Maryland, Virginia, North Carolina, South Carolina, and Florida.

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SOIL SURVEY FUNDS FOR PUERTO RICO

The first allotment of sugar processing tax funds under the general-benefit-of-agriculture provision of the Jones-Costigan Act was announced by the Agricultural Adjustment Administration and provides for the expenditure of $15,000 for making a comprehensive soil survey in Puerto Rico. The Bureau of Chemistry and Soils of the Department of Agriculture has been directed to complete the survey.

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SUGAR BEET FARMERS SIGNING CONTRACTS

More than 16,000 sugar beet adjustment contracts have already been signed by farmers in the sign-up campaign now under way in the principal sugar beet areas of the country. Of the contracts already signed, approximately 6,700 have been signed in Colorado; 4,100 in Utah; 2,000 in Idaho; 1,500 in Nebraska; and 1,000 in California. The sugar beet program aims at giving producers a parity return on their production in consideration of agreements of growers to maintain their production at the point necessary to produce only the sugar allotted for annual marketing by the domestic beet industry. Payments to growers on their 1934 crop are estimated at approximately 15 million dollars.

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CUBAN SUGAR QUOTA SHOWS SMALL BALANCE

Between January 1, 1934, and December 14, 1934, a total of 1,852,000 short tons of Cuban sugar had been withdrawn from bonded warehouse, imported for consumption, or certified for immediate importation. This leaves a balance of approximately 50,000 short tons remaining on the 1934 Cuban sugar quota of 1,901,752 short tons, raw value, established under the Costigan-Jones Act. This balance of the quota consists entirely of raw sugar for further processing, since the direct consumption sugar quota for Cuba was exhausted, on October 26, 1934.

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FINAL RETURNS FROM CORN-HOG REFERENDUM

Final tabulation of the corn-hog referendum held in October shows that the total vote of contract signers in all of the 48 states reaffirmed the approval of continuing the corn-hog program that was indicated by earlier tabulations. The final figures show that nearly 70 percent of the contract signers who voted -- 69.9 percent, to be exact -- favored continuation of the program. In other words, 374,584 signers voted for continuation, and 161,106 against it. This was the vote on Question No. 1: "Do you favor an adjustment program for dealing with corn and hogs in 1935?" An affirmative reply to Question No. 2 -- "Do you favor a one-contract-per-farm adjustment program dealing with grains and livestock to become effective in 1936?"--likewise was expressed by signers of the 1934 contract, although the margin was smaller. The final tabulation showed that 52.9 percent of the signers favored the one-contract-per-farm plan. The total vote was : yes, 262,845; no, 233,588. The ultimate result of the vote by non-signers was unchanged by the final tabulation; both questions showed a majority of negative replies. The non-signers' votes were as follows: Question No. 1: yes, 14,555; No. 29,471. Question No. 2: Yes, 11,372: No. 28,807.

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TRAIN WORKERS FOR CORN-HOG SIGN-UP

Plans for a series of training schools for the 1935 corn-hog sign-up campaign workers were announced by the Agricultural Adjustment Administration. The new contract will be explained and studied at these instructional meetings. The program calls for six 2-day meetings, primarily for workers in the western, middlewestern, eastern and southeastern regions. Meetings are scheduled for December 17 and 18, at Atlanta, Ga.; Indianapolis, Ind.; and Kansas City, Mo., and for December 20 and 21 at New York City, Minneapolis, Minn.; and Salt Lake City, Utah. Following the regional schools, similar instructional meetings will be held for state and county workers as soon as schedules can be arranged by the state extension service and other officials in charge of the campaigns. In these schools, instructions will be given those who will actually carry out the field work of the sign-up campaign. It is anticipated that actual sign-up of adjustment contracts may get under way by January 15, and that it will be nearly completed by the last of that month or early in February.

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SUGAR BEET PRODUCERS ADVISED OF LABOR RECEIPTS

The sugar section of the Agricultural Adjustment Administration called to the attention of sugar beet producers who plan to sign adjustment contracts the advisability of securing signed receipts from laborers for labor performed on the 1934 crop, to aid producers in proving compliance with the contract. Under the labor clauses of the contract, the producer agrees to pay all bona fide wage claims arising in connection with the production, cultivation, and harvesting of the 1934 crop, as a condition to receiving final adjustment payments on the 1934 crop. Before the final 1934 payment is made next spring, each contracting grower will be required to furnish a certificate to the effect that all such wage claims have been paid, and if signed receipts from laborers covering such wage claims accompany the certificate, the possibility of disputes regarding the payments will be eliminated.

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FIRE-CURED TOBACCO SURPLUS NEAR END

Removal of virtually all of the 40 million pounds surplus of fire-cured tobacco by the end of the 1935 marketing season under the adjustment program for this type of tobacco is expected. Approximately half of this surplus, it is anticipated, will be removed during the 1934 marketing season and the remainder will be eliminated in 1935. The Virginia fire-cured markets have been open since November 7, and from the opening date through Friday, December 7, the Virginia markets sold more than four million pounds, or better than 20 percent of the Virginia fire-cured crop. The fire-cured markets in Kentucky and Tennessee opened December 11. Prices in Virginia have averaged approximately 13-1/2 cents a pound during the first month in which the markets were open. This compares with an average of 6.8 cents for the 1933 crop.

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TOBACCO CONTRACTS EFFECTIVE IN 1935

Production adjustment contracts signed early in 1934 by producers of Burley, fire-cured, dark air-cured and Maryland tobacco will be effective for 1935, the Secretary of Agriculture announced. The contracts give the Secretary the privilege of extending them into 1935. provided the producer is notified in writing prior to December 15, 1934. Such notices have been mailed. A reduction of 40 percent from the base acreage and production of all Burley contract signers in lieu of the optional rates of 33-1/3 and 50 percent in effect this year is required for 1935. A reduction of 50 percent from the base could have been required under the terms of the Burley contract. The contract for fire-cured producers calls for a reduction in 1935 of 20 percent from the base acreage and production, as compared with the 25 percent reduction in effect this year. Under the terms of this contract, the 1935 reduction also could have been as much as 25 percent from the base. Signers of dark-air-cured contracts are called upon to reduce their acreage and production by 20 percent in 1935 as compared with the 30 percent reduction in effect this year. A reduction of 30 percent could have been required in 1935 under the dark air-cured contracts. The rate of reduction required for Maryland tobacco is 25 percent from the base acreage and base production of the contract signer. The maximum that could have been required in 1935 under the terms of the contract was 30 percent.

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FLUE-CURED COMMITTEE OFFERS PROGRAM DETAILS

The advisory committee of flue-cured tobacco growers has recommended to the Agricultural Adjustment Administration that the 1935 production adjustment program for flue-cured tobacco provide for an initial acreage and production allotments equal to 85 percent of the base acreage and production allotments that have been established under the contracts, with a 5 percent acreage tolerance in checking acreage compliance. According to the recommendations growers whose acreage exceeds 85 percent of the established base and is not over 90 percent would receive one-half as much rental payment as those whose acreage does not exceed 85 percent.

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MEET TO REVIEW MILK CONTROL LAWS

Features of State milk control legislation, and the possibility of coordinating Federal and State powers to stabilize milk marketing conditions, were discussed at a conference of leaders of cooperative milk producers' associations, distributing agencies on fluid milk markets, and other interested groups, as well as representatives of the Ohio Milk Marketing Commission and members of the Agricultural Adjustment Administration and the Department of Agriculture. The conference was held at the request of farm leaders, dairy cooperatives and state marketing officials. Types of existing State milk control legislation were considered in the light of practical working value and provisions for group action between States, groups of adjacent States, and the Federal Government, to add strength to pending State legislation on dairy matters.

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SAN DIEGO MILK LICENSE HEARING

A public hearing on a proposed milk license for San Diego, Calif., will be held December 18 in the Chamber of Commerce Auditorium there. The proposed license was requested by the Milk Producers Association of San Diego County and the Dairymen's League of San Diego county. It is drafted on the standard plan, using the base-surplus method of payment to producers. Prices payable to producers, for milk f.o.b. the sales area, will be developed as a result of the hearing. A marketing agreement and a license for the San Diego sales area were instituted in December, 1933, and were terminated in January, 1934.

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POTATO AGREEMENT HEARING CALLED

A public hearing on a proposed marketing agreement and license for potatoes grown in Southwestern States, and on a proposed marketing agreement and license for potatoes grown in Kansas and Missouri, will be held in Kansas City, Mo., December 17. Proposed revisions to the Kansas-Missouri agreement and license, and the advisability of consolidating the two agreements will be considered at the hearing. The proposed marketing agreement and license for potatoes grown in Kansas and Missouri has been tentatively approved by the Secretary of Agriculture, and that for potatoes grown in Florida, Alabama, Louisiana, Mississippi, Tennessee, Texas, Arkansas, Oklahoma, Kansas and Missouri has been discussed at a series of hearings throughout the Southwest.

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CALIFORNIA BEET SUGAR HEARING AT SACRAMENTO

A public hearing will be held at the Senator Hotel, Sacramento, Calif., December 21, on the application of the California Sugar Growers' Association for a 1935 marketing allotment of 20,000 tons of beet sugar. Evidence will be presented at the hearing on the application of the California Sugar Growers Association for an allotment from the 1935 continental United States beet sugar quota for marketing, during the calendar year 1935, of sugar made from sugar beets produced in the continental United States beet-sugar producing area.

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FLORIDA CITRUS INDUSTRY AGREEMENT AND LICENSE

A marketing agreement and license for the citrus fruit industry of Florida, intended to improve returns to growers and to correct the present demoralized condition of the citrus markets will become effective December 18. Returns to growers of citrus fruit in Florida are now below the unfavorable prices of last year, and only slightly above the cost of harvesting and marketing the fruit. The agreement makes it possible for the industry to regulate the unusually large supplies of citrus fruits available for market, through limitation and proration of shipments. The agreement provides for proration of shipments on the basis of certificates allotted to growers, and for limitation of shipment through regulations governing the grade and size of fruit that may be shipped.

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PUERTO RICAN SUGAR IN EXCESS OF QUOTA

The Agricultural Adjustment Administration announced today that after making allowance for final polarization and weight outturns, Puerto Rico's 1934 shipments of sugar to continental United States aggregated 807,381 tons or 4,539 tons more than the Island's quota. This net excess is the result of overshipments and undershipments of the various processors with respect to their 1934 allotments. As has been previously announced, the 1935 allotments of processors who overshipped in 1934 will be reduced by the amount of their respective overshipments, and the 1935 allotments of processors who undershipped in 1934 will be increased in the amount of their respective undershipments.

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PAYMENT METHOD CHANGED IN LEAVENWORTH LICENSE

An amended license for the milk sales area of Leavenworth, Kan., will become effective December 16. Under its terms distributors are required to pay a minimum of 60 cents per pound of butterfat in the milk used for Class 1 or fluid consumption, instead of $2.15 per 100 pounds for 3.5 percent milk as required in the former license. For Class 2 milk, which the amended license defines as milk used for cream, creamed cottage cheese, flavored milk and creamed buttermilk, the price payable by distributors is the quoted wholesale price for 92 score butter at Chicago, plus 20 percent, plus 10 cents per pound of butterfat. For Class 3 milk the amended license provides a price equal to the same Chicago butter quotation, plus 5 cents per pound of butterfat in the milk.

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TOBACCO REFERENDUM RESULT DECEMBER 21

The result of the referendum under the Kerr-Smith Tobacco Act to determine whether growers want the Act to apply to the 1935 crop of tobacco will be announced from the offices of county agricultural agents beginning at 12 o'clock, noon, December 21, according to instructions issued by the Agricultural Adjustment Administration. Flue-cured, Burley, fire-cured, and dark air-cured growers began voting on Saturday, December 8. The final date for voting in the referendum is December 20.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 12 December 22, 1934

FLUE-CURED TOBACCO CONTRACTS EXTENDED

The two-year adjustment contracts signed last winter by producers of flue-cured tobacco, have been extended into 1935. An administrative ruling accompanying the notice of extension makes optional certain modifications in the contracts. The notice of extension provides the following; The tobacco acreage allotment and the initial production allotment are changed from 70 percent of the base tobacco acreage and production to 85 percent. The reduction is one-half as large as it was in 1934 and the rates of adjustment and deficiency payments are reduced one-half. The rate of the adjustment payment in 1935 will be six and one-fourth percent of the net sale value of the crop and the rate of the deficiency payment is one cent per pound. The rental payment, which will remain at $17.50 an acre for each acre rented to the Secretary, will be made after compliance is checked, whereas in 1934 the payment was made after acceptance of the contract. Under the administrative ruling, the program is modified as follows: The acreage of tobacco planted may be as much, but no more than, 90 percent of the base tobacco acreage, provided the rental payment is reduced to one-half of the amount of the payment that would have been made if the acreage planted did not exceed eighty-five percent of the base tobacco acreage. A quantity of tobacco equal to not more than twelve and one-half percent of the initial production allotment specified in contract may be sold in excess of the initial production allotment, provided the rate of the adjustment payment is reduced progressively from the six and one-fourth percent specified in the notice of extension of the contract to zero when sales reach the twelve and one-half percent figure. As a result of the 1934 adjustment program the surplus of flue-cured tobacco has been entirely eliminated and the carryover is slightly below normal. It is estimated that the crop for 1934 will be approximately 560 million pounds. World consumption is estimated at about 640 million pounds. Consequently it appears desirable to plan for the production of a larger crop in 1935.

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BUTTER QUALITY PLAN GOES TO INDUSTRY

A program proposing cream grading and grade labeling of butter, designed under the marketing agreement section of the Agricultural Adjustment Act, and developed by the Administration's dairy section upon request of the dairy industry of the Pacific coast and adjacent territory, is being submitted to members of the industry. Informal conferences on the program will take place within the next three weeks at Salt Lake City, Portland, San Francisco and Seattle. The program is designed to accomplish the same objectives that are sought in the proposed cream-grading acts now pending in several States, and to provide additional protection for producers.

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UNOFFICIAL RETURNS IN BANKHEAD ACT VOTE

Unofficial and incomplete returns from the referendum on the Bankhead Control Act held December 14, indicate that approximately 90 percent of those casting ballots favor continuation of the Act for 1935. The preliminary tabulation shows a total vote of 1,505,604, with 1,348,197 voting in favor of continuing the Act and 157,407 voting against it. It is estimated that more than 60 percent of all producers eligible to vote actually participated in the referendum. Complete and official returns from the ballot of December 14 are required to be certified to the Agricultural Adjustment Administration by the state allotment boards not later than December 24, When these final returns have been submitted and canvassed a report will be made to the Secretary of Agriculture, who, under the terms of the Bankhead Act, is required, if the Act is made effective, to find that two-thirds of those engaged in the production of cotton favor the continuance of the tax for the 1935 season. For the Bankhead Act to become effective in 1935 a presidential proclamation also will be required stating that the emergency with reference to cotton production and marketing will or is likely to continue.

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CALIFORNIA RICE INDUSTRY LICENSE

A license for the California rice industry, in connection with the marketing agreement for the industry, became effective December 21. Included in the license are provisions that the licensees pay the price for paddy rice as designated in the marketing agreement. The prices for paddy rice are determined according to the formula contained in the agreement which is on the basis of grades certified by the appraisal board. Licensees may apply to the marketing board for information concerning the proper prices to be paid.

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LOS ANGELES MILK LICENSE AMENDED

The milk license for Los Angeles, Calif., has been amended by adding provisions to strengthen the relation of the license to California state laws to meet health regulations of the city of Los Angeles and to adjust resale prices of cream in better relationship with the changed butter market price on the Pacific Coast. The changes made were recommended by the Pacific Coast representatives of the Agricultural Adjustment Administration, and became effective December 16.

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AMEND SIOUX CITY MILK LICENSE

Reduction of the price payable by distributors for Class 1 milk from 47 cents to 46 cents per pound of butterfat and a shift of the milk from which cream is utilized for ice cream making from Class 2 to Class 3 are changes included in an amendment to the Sioux City, Iowa, milk license, effective December 22. The changes were made at the request of the Sioux City Milk Producers Association to adjust their price schedule to practical conditions on the market.

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PHILIPPINE SUGAR LAW SETS PROGRAM MACHINERY

Creation in the Philippine Islands of a United States Sugar Authority and other administrative machinery necessary for carrying out the sugar program of the Agricultural Adjustment Administration in the Philippines has been provided for in the Sugar Limitation Law recently enacted by the Philippine legislature. The law will enable Philippine sugar producers to share in the benefits of the general sugar program of the Adjustment Administration. It is to be in effect for three crop years, beginning with the 1934-35 crop. The law provides for the limitation, regulation, and allotment of sugar produced in the Philippine Islands and for its processing and marketing. It was enacted as emergency legislation. Under the law, production of sugar in the Islands is limited to the amount which can be shipped to the United States, consumed domestically, or which may be determined necessary as reserves. Such production must be licensed and the Governor-General is directed to announce by proclamation the total amount of sugar which shall be produced from each crop, beginning with the 1934-35 crop.

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1934 CUBAN SUGAR QUOTA EXHAUSTED

The 1934 quota for imports of sugar from Cuba for consumption in the United States has been reached. The quota, established by the Secretary of Agriculture under the Jones-Costigan Act in June 1934 amounted to 1,901,752 short tons raw value. Formal certification that the quota had been reached was made December 18 by the Secretary of Agriculture. As a result of closing the Cuban quota for the calendar year 1934, no more sugar from that area can enter the United States during the calendar year unless it is stored in bond. The Cuban quota is the last quota to be filled from a major offshore area supplying sugar to the United States. The Philippine quota was closed early in the summer and the Puerto Rican and Hawaiian quotas were completed in November. The Cuban direct-consumption sugar quota of 418,385 tons was exhausted October 26, and all Cuban withdrawals from customs custody since that time have been of raw sugar.

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CALIFORNIA ALMOND AGREEMENT HEARING

A public hearing on a proposed marketing agreement and license for almonds grown in California will be held January 7, at the Life Science Building, University of California, Berkeley, Calif. The proposed agreement contains provisions for minimum selling prices and surplus control.

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HEARING TO AMEND FLORIDA CELERY PACT

A public hearing on proposed amendments to the marketing agreement and license for celery grown in Florida will be held December 27, at the Hotel Thelma, Lakeland, Florida. Proposed amendments concern changing the number of members of the control committee and method for their selection, and selection of representatives of the control committee.

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PRODUCERS GET MORE UNDER BOSTON LICENSE

Producers selling milk under the prices established for Class 1, or fluid milk, in the existing milk license for the sales area of Greater Boston, Mass., received $2,756,635 more from distributors during the period March 16 to December 1 of this year, than they would have received in the same period at prices prevailing in the summer of 1933, before the license, an analysis announced by the Agricultural Adjustment Administration shows. An average daily volume of 1,455,380 pounds in Class 1, was reported by the market administrator for that portion of the milk accounted for under the license. Reckoning an increase of 62 cents per hundredweight from March 16 to September 1, and an extra 31 cents from September 1 to December 1 under an amended license, the total value added through the enhanced price amounts to $2,756,635. Before the license was established the price of Class 1 milk, f.o.b. the city, was $2.33 per hundred pounds. Under the license effective March 16 the Class 1 price was increased to $2.95. The amended license of September 1 brought the Class 1 price to its present figure of $3.26 per hundredweight.

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KALAMAZOO MILK LICENSE AMENDED

An amended license for the Kalamazoo, Mich., milk sales area, approved by the agencies on the market, became effective December 16. The changes made in the license seek to clarify and strengthen its terms. The revised system of dealing with producer-distributors to exempt them from most of the requirements of the general market pool and adjustment account, and a provision for setting aside reserves to take care of delayed payments to the adjustment fund are included in the amended license to make it correspond with other licenses.

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ANN ARBOR MILK LICENSE AMENDED

An amended license for the milk sales area of Ann Arbor, Mich., which gives the market administrator power to make adjustments in the classified prices for milk utilized in outside markets, but paid for in the Ann Arbor area, become effective December 20. Prices to producers are not changed by the amended license, but by its terms the market administrator is authorized to approve different prices for Class 1 and Class 2 milk sold and utilized by dealers in outside markets so as to enable them to meet competition from distributors not included in the license. The entire license has been re-drafted on the revised and improved form. Producer-distributors are excluded from the market pool up to the amount of their delivered base milk, but are obliged to make reports to the market administrator and are liable to the pool account for sales of bulk milk to other dealers and purchases of milk from other producers.

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PUBLIC HEARING ON RICHMOND MILK LICENSE

A public hearing to review points in the existing milk license for Richmond, Va., will be held January 3 at Richmond in the John Marshall Hotel. The hearing will consider provisions intended to strengthen practical working relations on the market and to bring prices and terms of the license in line with market conditions.

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NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 2, Number 13 December 29, 1934

FIRST PAYMENT ON POOLED TAX-EXEMPT CERTIFICATES

Plans for handling partial payment at the rate of two cents a pound, equivalent to $10 a bale, to all producers who have properly surrendered certificates to the national surplus cotton tax-exemption certificate pool were announced by the Agricultural Adjustment Administration. To date, $12,164,693.71 has been received in Washington from sales of certificates. There is a small additional amount in transit and some additional certificates are yet to be sold. The payment of two cents a pound will be distributed to approximately 500,000 producers in 17 of the 18 cotton growing states who surrendered to the pool certificates representing a total of 571,418,685 pounds, or the equivalent of approximately 1,142,837 bales. The pool was formed to facilitate the transfer of cotton tax-exemption certificates under the Bankhead Act. The final date for surrendering certificates to the pool was November 24. Certificates still may be purchased from the pool, however, as this phase of its activities will be continued as long as warranted by demand.

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AGENCY IMPORT CANADIAN HAY FOR DROUGHT AREAS

Plans for duty-free importation of Canadian hay as a measure to alleviate the feed shortage in certain northwestern states were announced by the Agricultural Adjustment Administration. The Secretary of Agriculture has signed an agreement authorizing an "Agency for Deficiency Distribution" to carry out the project. The agency is composed of the Farmers' National Grain Corporation of Chicago, a cooperative, and the Cargill Elevator Company and F. H. Peavey and Company, of Minneapolis, both line elevator companies. F. Peavey Heffelfinger, of the Monarch Elevators, is manager of the enterprise. Offices have been established in Minneapolis, Winnipeg, and Saskatoon. Operation of the agency is financed by the participating companies. It is anticipated that the project will make available to the farmers in the drought areas of the northwestern states, which are remote from available domestic supplies, possibly 300,000 tons of roughages from the Canadian provinces of Alberta, Saskatchewan, and Manitoba. The hay will be distributed through local commercial dealers on a service charge basis in territory where freight costs make this practicable. It is expected that most of the movement will be into the Dakotas, Montana, Wyoming, and Minnesota, since freight rates to points farther from the border probably would make the cost prohibitive. The agreement fixes prices which will be paid for the various types and grades of forage, and likewise charges for various operations in purchasing and shipping. Both Canadian and United States railroads have established special tariffs for transporting these emergency forage shipments. The Canadian hay movement will in no way supplant the sale of any feedstuffs in the United States, but will be a desirable addition to domestic stocks, and will assist in carrying foundation herds of livestock through the winter.

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FIRST SUGAR PROGRAM CHECKS SENT PRODUCERS

First checks for adjustment payments to growers cooperating in the sugar-beet and sugarcane adjustment programs have been mailed to producers in Utah and Louisiana. The first sugar-beet adjustment checks were sent to farmers in the vicinity of Ogden, Utah, and the first sugarcane adjustment payments went to farmers in LaFourche and Terrebonne parishes, La. These are the areas from which the first contracts were received and the payments are on the first contracts audited. Checks to sugar beet growers totaled $8,972 and went to 100 producers. These payments represent $1 a ton on the estimated production of sugar beets on the acreage which cooperating farmers planted to beets for 1934 and are the first installment of the 1934 adjustment payment. The second installment will be paid during the 1935 season after growers have complied with their contracts. It is estimated that the sugar beet program will mean approximately $15,000,000 additional income to producers this year. The first sugarcane adjustment checks totaled $46,749 and went to 81 producers. These also are first installments on the 1934 payment and are made at the rate of $1 a ton on the base, or average past production of the farm. The second installment will be paid in 1935. Total sugarcane adjustments on the 1934 crop are estimated at more than $6,000,000. Approximately 25,000 contracts have already been signed in the domestic sugar program.

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HOP AGREEMENT HEARINGS SCHEDULED

A series of three hearings on a proposed marketing agreement for hops grown in California, Washington, and Oregon will be held at Santa Rosa, Calif., January 16; at Hotel Marion, Salem, Ore., January 21; and at Yakima, Wash., January 24. The proposed agreement provides for grades and minimum prices for the marketing of the 1934 crop, and in addition contains a method of controlling the supply of hops to be marketed in succeeding years.

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GUM TURPENTINE, ROSIN LICENSE IS AMENDED

An amended license for the gum turpentine and gum rosin industry will become effective December 31. The amended license provisions include a new basis for making allocations of gum turpentine and gum rosin production in 1935.

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AGREEMENT IN PROPOSED HAWAIIAN SUGAR PROGRAM

The Agricultural Adjustment Administration announced that after a series of conferences with representatives of the Hawaiian Sugar Planters Association, an agreement had been reached on the principal features which are to be incorporated in a production adjustment program for the Territory of Hawaii. The Territory supplies the continental United States with approximately 15 percent of its sugar requirements. A public hearing is to be held in Hawaii to develop details of the contemplated program. The proposed program, would extend over the life of the Jones-Costigan Amendment, and provide for benefit payments to those cooperating producers of Hawaii who agreed to adjust their production. It is tentatively estimated that the average annual payments to Hawaiian sugarcane growers under the program would be not less than $8,500,000. The agreement between the Secretary of Agriculture and the Hawaiian sugar producers affords the basis for immediate consideration in Honolulu of the various points heretofore raised in connection with quotas and benefit payments, with the expectation that an adjustment agreement satisfactory to the Government and the producers may be executed, making possible the dismissal of the appeal from the decree recently entered in pending litigation on the constitutional authority for setting sugar quotas for Hawaii.

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FARMERS TO ADJUST PRODUCTION IN 1935 ABOVE 1934 LEVELS

More than 3 million American farmers, in planning for 1935, will utilize provisions of the Agricultural Adjustment Act for controlled expansion of production above 1934 levels. Using the cooperative procedure made possible by the Act, agriculture will seek to adjust 1935 production to expected demand, replenish livestock, feed and forage supplies severely depleted by the drought, and maintain balanced production of crops in which surpluses have been reduced. Despite the worst drought in history of the country, 1934 brought a billion-dollar increase in the cash income of agriculture over 1933. The farm cash income was $723,000,000 more in 1933 than in 1932. With adjustment program benefit payments included, the purchasing power per unit of farm commodity was about 80 percent of pre-war in 1934 as compared with 60 percent in 1932. Farmers' net income, after paying production expenses, had a purchasing power of 80 percent of prewar compared with 52 percent in 1932. Estimates indicate that cash farm income for 1934 is 19 percent higher than last year and 39 percent higher in than 1932. General income data for the country as a whole give a brighter picture of the 1934 situation of farmers than actually exists in some areas where drought forced heavy liquidations of livestock. The receipts of farmers from sales are included in the 1934 income figures, whereas in some of the drought states these sales represent considerable selling off of livestock that is needed for breeding purposes. For some farmers this will mean losses of income until foundation herds can be restored. This situation is compensated for to some extent, however, by the fact that many farmers have sold their cull livestock, and their herds consequently are of a higher average quality for foundation stock than ever before.

1934 FARM INCOME SHOWS INCREASE

Over 3 million farmers participated in agricultural adjustment programs during the last year as members of about 4,000 farmer-organized county production control associations. Utilizing the centralizing powers of the Federal Government, these farmers as a group have been able to direct their own adjustments in production, meet the emergency resulting from the drought, and guide the policies under which the Agricultural Adjustment Act is administered. Since the first half of 1933, when the agricultural adjustment program and other recovery measures were inaugurated, farm income has followed an upward trend. For 1934, it is estimated that cash farm income, including rental and benefit payments to farmers participating in adjustment programs, will be about $6,000,000,000, compared with $5,051,000 000 in 1933. In 1932 cash farm income of the country's farmers was at a low of $4,328,000,000. Dsepite the increased cost of things which farmers buy, the balance of 1934 income available for farm family living and for improvement and savings is expected to show a distinct gain over that of 1933. Present indications are that the 1935 income from the sale of farm products, plus rental and benefit payments, will show some advance over the 1934 level. The extent of this advance, however, depends upon the rate of further increase in industrial activity, a rise in National income, and recovery of foreign markets.

BENEFIT PAYMENTS ADD TO INCOME

Contributing to the billion-dollar increase in the 1934 cash farm income are rental and benefit payments and drought livestock purchase payments made by the Agricultural Adjustment Administration. Although final reports are not complete, preliminary figures show that since January 1, 1934, and up to December 15, the Agricultural Adjustment Administration had paid farmers a total of $372,017,672 in rental and benefit payments for cooperating in production-adjustment programs. Between May 12, 1933, when the Agricultural Adjustment Act was approved, and December 31, 1933, farmers received a total of $131,076,487 in rental and benefit payments from the three programs that had been put in effect, as follows: Cotton, $111,405,244; wheat $18,396,794; and tobacco, $1,274,448. Payments in the calendar year 1934, by commodities, were as follows: Cotton $85,448,151, Tobacco $17,320,-309; wheat $124,873,910; and corn-hogs $144,266,300. Payments to farmers in the livestock purchase program in the drought areas, as of December 20, totaled $101,475,331 for cattle and $6,933,925 for sheep and goats. Tentative estimates by the Administration, subject to change pending completion of contract sign-up campaigns, indicate that during the calendar year 1935 a total of $476,000,000 in rental and benefit payments will be paid farmers cooperating in existing adjustment programs and new programs which will go into effect in 1935. The estimates show the following amounts to be paid cooperating growers participating in the various programs: Cotton $88,600,000; wheat, $54,600,000; corn-hogs, $249,800,000; tobacco, $32,000,000 sugar $47,000,000; and peanuts, $4,000,000. The amounts include rental and benefit payments remaining due on 1934 adjustment programs, and a portion of the payments to be made on new programs. Adjustment programs already announced and which will be in effect in 1935 include those on corn and hogs, cotton, wheat, tobacco, peanuts, and sugar. Through these programs the country's farmers will continue their efforts toward agricultural stability.

GOVERNMENT ATTACKS DROUGHT PROBLEMS

The drought of 1934, the worst ever recorded in this country, constituted a grave threat to efforts toward increasing farm income. It reduced the yield of grains, threatened to destroy the supply of superior and adapted varieties of grain seeds, and caused a feed shortage that without Governmental aid would have caused much greater losses to the livestock industry than it did. The Government attacked the drought problem through a coordinated program in which the Agricultural Adjustment Administration took part. Benefit payments made in the crop adjustment programs acted as crop-income insurance in drought areas. Through an appropriation of $25,000,000, stocks of adapted seed varieties that had already moved into commercial channels and would shortly have been lost as seed through mixing, feeding, or processing, were purchased as a seed-conservation measure, and held for distribution at moderate cost to farmers in drought areas. It is estimated that by encouraging the planting of forage crops, and by modifying crop-adjustment contracts to allow the planting of emergency feed and forage crops on contracted and other acres, the feed supply was increased by 2,409,000 tons over what it would otherwise have been.

DROUGHT-STRICKEN CATTLE SALVAGED

The cattle-buying program was put into operation last June. This program sought to salvage for relief food the cattle that otherwise would have died of thirst and starvation. It prevented outright losses in farm income through death of these cattle. It afforded protection to the cattle markets from the effects of forcing animals on the market in poor condition and in such numbers as to result in the collapse of prices. Approximately $115,000,000 has been made available for drought cattle purchases, and "benefit payments" to farmers cooperating in the purchase program. Through the operation of this program, more than 687,000 producers have sold 7,476,503 head of cattle, and have received around $101,475,331 in purchase and "benefit payments". The "benefit payments" totaled $37,545,108. These "benefit payments" were non-assignable and not subject to any liens upon the cattle. A sheep-buying program was also inaugurated to meet a feed shortage in the sheep industry. Under this plan, $10,000,000 was allotted for purchases, and approximately $6,596,560 -- half of which represented "benefit payments" to producers -- has been paid in connection with the purchase of 3,298,280 head of sheep purchased from 27,306 farmers.

INCREASE UNDER 1935 CORN-HOG PLAN

Practically all of the adjustment programs in effect in 1934 which will be continued in 1935 provide for a controlled expansion of production. The corn-hog adjustment program for 1935 provides expansion of both corn and hog production above the production levels established in the 1934 program. Under this program the maximum corn acreage that may be planted in 1935 is 90 percent of the base acreage. This maximum represents an increase of about one-eighth over the 1934 maximum and will permit the production of about 250 million bushels of corn over the reduced requirements for livestock feeding with which depleted feed reserves may be replenished. Contract signers will hold the number of hogs produced for market from 1935 litters to 90 percent of their base production instead of 75 percent as provided in the 1934 contract. This new allotment is about one-fifth larger than for the past year. Adjustment payments to participating producers are expected to range from $150,000,000 to $165,000,000. Decision to offer a corn-hog program for 1935 was made after a nation-wide referendum indicated that the producers desired such a plan. Nearly 70 percent of the signers of 1934 corn-hog contracts who voted in the referendum favored a program for 1935. Contracts for this program will be offered all corn-hog producers during January. Approximately 1,160 000 producers signed contracts to take part in the 1934 corn-hog plan. Because this program is in the process of completion, it is impossible to estimate accurately the definite results. However, its clear that besides improving the supply position and raising the corn and hog prices, the corn-hog program yielded important supplementary benefits which are now tending to alleviate the distress resulting from the drought.

1935 COTTON PLAN THIRD FOR SOUTH

The 1935 cotton adjustment program also provides for expansion of production over 1934. The increase for the coming year amounts to 25 percent over that planted by cooperating producers in 1934. The total of rental and benefit payments to participating growers is estimated at $94,230,000. Operation of the cotton adjustment program in 1935 will mark the third year that the South has engaged in adjusting its main crop. During 1934 a total of 1,004,000 cotton adjustment contracts were in force. These contracts have been made effective for 1935 and in addition new one-year contracts will be offered producers who did not take part in the 1934 program. On the basis of December 1 prices, and excluding rental and benefit payments, the farm value of cotton and cottonseed produced in 1934 is estimated at $756,420,000 compared with $690,526,000 in 1933 and $425,475,000 in 1932. Rental and parity payments in the 1934 cotton program are bringing growers approximately $117,000,000 in addition to the farm value of the crop.

CROP INSURANCE IN WHEAT PROGRAM

The 1935 wheat program which was announced last August, permits an expansion of about 5 percent of the base acreage from contract requirements of the 1934 program, or an increase from 85 to 90 percent of the base acreage. Benefit payments to cooperating producers are expected to total $102,000,000. More than 585,000 wheat adjustment contracts are in effect. During 1934, the benefit payment part of the wheat adjustment program served farmers as a form of crop insurance. The drought seriously cut into the spring wheat crop, and except for the benefit payments to those who signed wheat adjustment contracts, many farmers otherwise were left without a source of income. In spite of the drought, however, the 1934 wheat crop of 496,469,000 bushels is estimated to have a total farm value of $432,441,000 compared with $359,048,000 for the 528,975,000 bushels in 1933, and $238,828,000 for the 745,788,000 bushels produced in 1932. In addition to the returns from the sale of their wheat, growers cooperating in the 1934 adjustment program received adjustment payments totaling over $98,600,000.

TOBACCO PROGRAM INCREASES INCOME

Of the six kinds of tobacco for which adjustment programs have been in effect in 1934, programs for five kinds have already been declared effective for 1935. Announcement for the remaining one is expected to be made shortly. The tobacco programs for 1935 permit growers to increase their production above 1934 contract requirements from 5 percent to as much as 15 percent of the base acreage, depending on the type of tobacco. Approximately 275,000 growers in the United States and 10,500 in Puerto Rico entered into tobacco adjustment contracts last year, under which production was reduced by about 30 percent. The United States crop was brought to about as much below the level of world consumption of this tobacco as the 1933 crop exceeded this level. On the basis of the December 1 farm price and exclusive of rental and benefit payments, the 1934 crop of 1,095,622,000 pounds of tobacco is estimated to have a farm value of $240,937,000 compared with $179,-486,000 for the 1,377,639,000 pounds in 1933, and $107,821,000 for the 1,026,-091,000 pounds in 1932. Rental and benefit payments in the 1934 program total around $28,000,000.

PEANUT CROP ADJUSTMENT IN 1935

The peanut program which was announced in September, contemplates a definite adjustment in production for the 1935 crop. In addition, it seeks to improve prices and conditions under which the 1934 crop is being marketed by bringing supply in line with consumption through diverting a portion of the 1934 crop into oil or for feed for livestock. In addition to improved prices resulting from adjustment of peanut supplies to consumption requirements, growers are expected to receive around $4,000,000 in payments for their participation in the program.

SUGAR PROGRAMS OFFERED GROWERS

A comprehensive attack on the problem of steadily increasing sugar production in the United States and insular regions, was launched during the last year under the Jones-Costigan amendment to the Agricultural Adjustment Act. Through quota regulations, the marketing of sugar in the United States is controlled. Already programs have been initiated for the adjustment of sugar-beet and sugar-cane acreage in 1935, with separate contracts for each type of sugar production. Growers are now signing contracts in the program.

FARM INCOME RISE UNDER MARKETING AGREEMENTS

The last year saw marketing agreements and licenses grow in number and importance as a means of stabilizing marketing conditions for non-basic agricultural commodities, such as fruits and vegetables. During the year there were 23 marketing agreements in effect. These included approximately 5,275 handlers and 128,400 growers. A preliminary report shows that the farm value of products sold by these growers increased from $195,755,000 in 1933 to $244,266,000 in 1934, an increase of $47,511,000 under marketing agreements.

MILK LICENSES AID DAIRYMEN

During 1934, a total of 48 milk areas in 18 States had Federal milk licenses through which producers obtained increased returns from sales. The total estimated amount of milk accounted for through the pools set up under the licenses for 1934 is estimated at eight billion pounds, which is approximately 25 percent of the estimated total volume of fluid milk consumed by the non-farm population of the country. Estimates indicate that the average increase in the price of milk received by producers selling in the licensed areas is between 40 cents and 50 cents net per 100 pounds of Class 1 or fluid milk sales over previous payment rates. This would mean gain to producers on Class 1 milk alone of between 15 and 20 million dollars. Further moderate increase has often been realized on Class 2 and 3 milk.

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